

Sri J. B. MALLARADHYA.—Is the Government aware that these two witnesses have been deliberately kept back and that the complainant herself has given this information?

Sri C. M. POONACHA.—As I mentioned earlier, Sir, Sarojamma and her husband are absconding and also the paramour.

Mr. SPEAKER.—Question time is over.

BUDGET FOR 1958-59—GENERAL DISCUSSION.

(Continued)

Sri J. B. MALLARADHYA (Nanjangu).—Sir, I rise to offer a few remarks on some aspects of the Budget proposals of 1958-59 placed before this House. I must first refer to the very high sense of duty and spirit of service that prompted the Hon'ble Minister for Finance Sri Mariappa to be personally present in this House to present the Budget at great personal inconvenience. I must say he took a risk when he was in a very delicate state of health. We on this side of the House and I presume even the members on the other side of the House are all anxious that he should be soon restored to normal health in the interests of the State.

At first sight it might appear that it is a matter for gratification that the Hon'ble Finance Minister has presented a surplus budget. I am afraid it can only give psychological satisfaction to Members of the Cabinet and those on the other side of the House. It is true that as against a staggering deficit budget of Rs. nine crores and odd in the previous year, a surplus budget of Rs. 14.05 lakhs has been presented this year. This is perhaps in response to the directive issued by the Planning Commission and out of deference to the wishes expressed by the Santhanam Finance Commission that this surplus Budget has been placed before this House. I am not sure, Sir, if this surplus budget will ever give satisfaction either to the Planning Commission or the Government of India or even the Fin-

ance Commission in regard to the manner and method in which this Budget has been prepared. As I shall presently indicate or prove, this surplus is nominal. But in fact, it should have been treated as a deficit budget. I do not hope that the Treasury Benches will misunderstand me if I say that this kind of very clever and dexterous attempt at presenting figures to this House is not likely to convince this section of the House, when we are in a position to look at it with eyes open. I do not wish to use the expression used on the floor of the other House by a distinguished colleague, who called it 'financial jugglery'. I looked at the dictionary for the meaning of the word 'jugglery'. The word 'jugglery' has a sinister connotation and an element of fraud is associated with it. I would not go to the length of characterising the administration in these very uncharitable terms. I have been associated with the Military and the Army for some time. I would like to call it as statistical camouflage so far as this Budget is concerned.

Sri V. P. DEENADAYALU NAIDU (Cubbonpet).—On a point of information.

Sri J. B. MALLARADHYA.—I am not prepared to yield.

Sri V. P. DEENADAYALU NAIDU.—On a point of order.

Mr. SPEAKER.—How can a point of information become changed to a point of order?

Sri V. P. DEENADAYALU NAIDU.—The Hon'ble Member has mentioned about the Budget having been referred to as 'jugglery' in the other august House. I would like to know whether it would be correct for an Hon'ble Member of this House to sit in judgment or to comment on the proceedings of another august House.

Mr. SPEAKER.—The Hon'ble Member did not make any comment of that sort. He showed his unwillingness to characterise this Budget as 'jugglery'. He said instead 'statistical,' camouflage.

Sri V. P. DEENADAYALU NAIDU.—Jugglery associated with fraud. It was his comment...

Mr. SPEAKER.—He only said that jugglery involved a certain amount of fraud. That does not mean that he was in any way commenting on the way in which the Budget was described by one of the Hon'ble Members of the other House. He simply said that he wanted to use the word 'camouflage.' There was no comment on the word 'jugglery' as pertaining to the Budget.

Sri J. B. MALLARADHYA.—Some of my friends do not seem to enjoy my using the word 'jugglery'. I am only inclined to use the word 'camouflage' for very special reasons. I think it is quite a mild way of characterising the Budget. But if the Treasury Benches like the use of a harsh word, I have no objection.

While on this subject, before I go actually into the details of the Budget, it is also my pleasant duty on this occasion to congratulate the Ministry headed by Sri S. Nijalingappa on having secured, by making very earnest efforts, perhaps, a grant-in-aid of six crores and odd of rupees per year for the next five years by presenting a case on behalf of Mysore before the Finance Commission. In fact, members of this House will be delighted to hear that this is the biggest grant-in-aid that the Finance Commission ever recommended to the Government of India, which was sanctioned by the Government of India and I consider that the present Ministry is entitled to a good word on this score. This is an achievement in itself. On this occasion, it is also my duty on appraisal of the entire financial position of the State, to convey our deep sense of appreciation to the members of the Santhanam Commission for having made special attempts, appraised our real problems and understood our difficulties and recommended a very substantial measure of assistance of the order of six crores of rupees a year to the Government of India. I must tell the Hon'ble Members of this House and the people outside and give unstinted praise for the very very generous and fair and just treatment meted out by the Santhanam Commission and the bounteous way in which they have treated us on this occasion.

There is another matter which I should like to refer by way of introduction. It has been usual in this august House when the Finance Minister presents his Budget to give details of the working of major developments and departments. I do not know why a departure was made on this occasion and why no details were furnished. In fact, more than anything else, the achievements and failures of the Government and its several departments, of the Second Five-Year Plan—the first two years of the Plan—have not been placed before us. In answer to the allegation that might be made the Hon'ble Finance Minister referred to the fact that the Prime Minister was pleased to review the economic situation of the country on the floor of the Lok Sabha. I do not know what exactly our Finance Minister meant by that. It is true that the Mysore Plan is a part of integrated national plan for the whole of India. But it would be only partial satisfaction for us in Mysore to hear that the All-India Plan is progressing very well. It, I think, indicates or reveals a little confused thinking on the part of the Hon'ble Finance Minister to say that it is sufficient if on the floor of the Lok Sabha the Prime Minister made a statement about the economic activities of the entire country. I am not prepared and I would not subscribe to this view. I personally feel that we in Mysore have got to judge what the National Plan has done for the State and how it has worked for the betterment of the State. And if you say that there is an increase of national income by 18 per cent and odd, every man in Mysore, all of us collectively and individually should feel the impact of that increase on the national income. Unless we do that, I am afraid that the Plan has got to be considered as an entire failure. It is against that background that I consider that it was necessary for the Hon'ble Finance Minister to have made detailed appraisal of the activities of the various Departments. There is no reason why such a statement was not considered necessary. Previously we used to have administration reports of the several Departments placed in the hands of

the legislators. Latterly, for the last three years, we do not get the reports of the several departments. I do not know if that system is stopped altogether. Having regard to that, you would realize that it was very necessary for the Hon'ble Finance Minister to have made a review of the working of several departments and the results of the implementation of the Second Five-Year Plan of Mysore.

Further, the Finance Minister said that the Governor's Address contained a reference to some of the activities of the various departments. I am afraid you cannot expect the Governor in his Address to the Joint Session of the Houses of Legislature to make a very elaborate statement in regard to the activities of the various departments and I do hope that in the coming years the Finance Minister would consider that the budget session is the most appropriate occasion for making such a statement. If he does not do it, it would be a very serious omission.

Having said that, I will now come to the various budget heads and my first reference would be to Taxes on Income—major head IV and particularly agricultural income. Under agricultural income, the anticipated revenue is of the order of Rs. 80 lakhs, as against the revised estimates of Rs. 50 lakhs and so far as the Explanatory Note is concerned, it only seeks to satisfy us by saying that the increase in the next year is expected from the Agricultural Income-tax Act as a full year's demand would be made. If you compare the figures for the last five months in 1957 and the budget estimates for 1957-58 and also the revised estimates, you will see that an increase of Rs. 30 lakhs is provided under this one item alone without any satisfactory explanation. Considering this one budget head alone, it is abundantly clear that the fancied surplus budget will turn out to be a really deficit budget. Further we are told that on the Land Reforms Committee Report, there is likely to be a Bill placed before this Session. I am only making a suggestion and warning the Government that if that reform is going to be introduced and if the Bill is going to be passed, we should not think very

much and depend very much on this source of income in the coming years.

Under Land Revenue, under Ordinary Revenue, the Government expect to realise Rs. 384.95 lakhs as against hardly Rs. 348 lakhs in the previous year and even for this, no explanation is forthcoming. It was usual on occasions like this that a demand, collection and balance statement of land revenue, wet rate and various other taxes was being placed before this House. I do not know why a departure has been made this time and no such statement is placed before us. I am not sure of this basis on which this kind of estimate was made to provide for a receipt of Rs. 384 lakhs, that is, Rs. 35.92 lakhs in excess of the budget estimates for 1957-58. We expect the Finance Department in framing budgets to have a realistic appreciation of facts and the degree of error according to well known conventions should not assume fantastic proportions. We know that areas like Gulbarga, Bijapur and some other districts of the integrated areas are subject normally to famine or semi-famine conditions. Even in the old Mysore State certain areas like the Kolar District and the Chitradurga District are affected by scarcity conditions and in view of this, it would be very difficult to expect anything more than the average of two or three or even five years' collection during the current year and the basis of these financial figures expecting an increase of more than Rs. 35 lakhs passes my comprehension. I have got figures here to show that the net average collections during the last three years have not gone beyond 68 to 70 per cent. There is no means of verifying the average and if the budget figures are based on past record, I must say that this is an exaggerated estimate. This is another instance to prove that the myth of the surplus budget is exploded.

Then coming to State Excise duties, I cannot resist expressing the opinion that the whole policy adopted by the Government is quixotic, inconsistent and retrograde. There is such a lot of divorce between professions and practice. There is no respect paid to the directive principles of the Constitution,

(SRI J. B. MALLARADHYA)

nor even to the directive of the Government of India, nor to the High Command. The administration of the prohibition policy of the Government of Mysore has assumed the proportions of a scandal as it is. In fact, the excise revenue, you will be surprised to hear, remains more or less the same, even though partial prohibition is continued in several districts and if I may use a very common expression against the picture of the policy of prohibition, the whole Cabinet seems to be like 'ardhanareeswara' 'ಅರ್ಧನಾರೇಶ್ವರ'—half woman and half man and I am even tempted to say 'neither man nor woman'. This is the policy that the Government is adopting in regard to Excise. There is neither any basis of courage nor any moral background to the policy that is adopted. In fact, this policy of partial prohibition is endangering the public health of the vast majority of people living in urban and rural areas. As commonly expressed illicit distillation has become a very important and very remunerative cottage industry. I wish to make one observation in this connection. The Central Government or the High Command which preaches this gospel of prohibition should even be prepared to meet the shortfall in expenditure as a result of the implementation of this policy or do something to end this perpetual and all round farce. The less said, the better. I would advise the Government to scrap prohibition from various points of view, if they do not mean what they say and if they do not make determined and systematic efforts to adopt a bold policy of total prohibition.

The next point that I would like to refer to is the alarming growth of recoverable arrears in the Excise department. Even here it is very significant that the Government of Mysore would not supply to us along with the financial memorandum, the demand, collection and balance statement relating to the State excise revenue, and that with all the cumbersome and elaborate administrative machinery of the Government. They

should not find it difficult to present these very essential facts so that we may assess these figures properly. I fail to understand the callousness of Government on this behalf.

The third point in regard to the excise sales held during the year 1957-58 that has been made the subject-matter of a lot of adverse criticism and a lot of unfavourable comment. I am only concerned in saying that the Government should not give room for the feeling that is gaining ground in the minds of the majority of the people of Mysore that they have got caught in the hands of a very influential and monopolistic clique. They must hold the scales even and not give room for that kind of presumption on the part of the public, in addition to the inconsistent policy of prohibition. If you don't get the maximum amount of revenue from the excise policy, the present Cabinet will get discredited. In respect of this policy, I very much like that the Government of Mysore takes a decision in consultation with the Central Government and the Planning Commission and the High Command if necessary. While on this subject, when questions were asked on the floor of the House as to why there was a decrease of revenue in regard to excise receipts, we had very unsatisfactory answers. In regard to the unsatisfactory answers from the Treasury benches, I must enter my very emphatic protest against the way in which we the members of the Opposition are treated. More than 75 per cent of the questions are not answered satisfactorily and if the answers furnished to the questions in print are unsatisfactory, the way in which the supplementaries are answered is even more disappointing. In an important point where it concerns the receipts and revenue of the State, we are denied all opportunities of being acquainted with the real situation in the matter.

Coming to item No. 9 Judicial Stamps, the judicial administration of the State costs roughly Rs. 78.91 lakhs and as against this, the receipts are Rs. 41.78 plus 16.30, leaving a deficit of about Rs. 20.93 lakhs.

Various committees have suggested that, so far as administration of justice is concerned, it should be run on a "*no profit and no loss*" basis. We may perhaps persuade the High Court to investigate the possibilities of increasing the rate of stamps. If that could be done—I am only making a suggestion for the simple reason that it costs the State Exchequer about Rs. 20 lakhs annually—it would help the State very much. Therefore it would be worthwhile to investigate whether the High Court can come to our rescue.

Talking of forests, we are perhaps inclined to be very much gratified at the enormous receipts amounting to Rs. 375.33 lakhs. But we should not be oblivious of the fact that more than 45 per cent of this goes towards meeting the cost on establishment and working expenses. This 45 per cent of expenditure is perhaps unparalleled in the administration of any department of the State. For realising the gross revenue of Rs. 375.33 lakhs we are spending Rs. 183.97 lakhs on establishment. I fail to understand how this kind of thing ever happens and anybody who looks into the administration of the Forest Department, will see that there is no bifurcation of minor forest produce from the major items of revenue. Perhaps it is the view of the administration that minor forest produce is not an item from which we can expect much. We are making quite a bit of money from the minor forest produce. The way in which the minor forest produce is being sold, once again leaves the impression that only a few people are entitled to this privilege of securing the contract of collecting minor produce from the Forest Department. In fact I am wondering as to why this sale of minor forest produce could not be rationalised. The levy of seigniorage ought to have brought greater revenue.

Sri H. S. RUDRAPPA (Minister for Agriculture).—Seigniorage with regard to what area?

Sri J. B. MALLARADHYA.—Particularly in the malnad area. In regard to the working of this department we must not forget that forest revenue is merely realisation of forest wealth from

the sale of forest produce which is sold year after year. A comparison of these sales over a period of 10 years would reveal the inefficiency of the working of this department. I am posing the question: what exactly is the forest wealth that the popular Government has built up during the last ten years? I am afraid that the money that has been provided in the Budget is not always spent and not spent always for desirable purposes. Those in authority do not even care to verify if forest resources are being developed on scientific lines. The progress report of the Plan does not contain the details of achievement during the first two years of the Second Plan period. We know there is a target to be achieved in the first two years of the Plan. Instead of mentioning this, this book "*The Second Five Year Plan of Mysore*" of more than 500 pages contains voluminous statements which mean nothing in fact. It is merely a kind of casual statement of Certain facts, but where material facts are required, I am afraid we cannot find it in this book. One very important matter which has exercised the minds of the people in Bangalore and other cities is the scarcity of fuel. Five years ago, a Committee was set up to see that this scarcity of fuel was met satisfactorily and plantations were grown or at least plans were drawn up in this regard. I want to know to what extent concrete measures were taken and in what area fuel plantations have come up. I feel the situation would end in trouble within the next two or three years. I hope the views expressed by me would not be "a cry in the wilderness" but the Minister will take serious notice of this matter. There is already a hue and cry in Bangalore City that the price of ordinary fuel has gone upto Rs. 2 per ton. I hope something will be done to arrest this rise in the price of fuel for domestic purposes.

Another matter which I would like to mention on this occasion is this. We have acquired from the integrated areas a lot of forest wealth. Unless we mobilise all our resources and utilise this asset properly, I am afraid there is no chance of our making good the deficit that is likely to occur in the coming years. If

(SRI J. B. MALLARADHYA)

you stop smuggling, conserve forest resources, and take up to regular planting of trees, you must be able to get increased revenue of at least 40 to 50 lakhs of rupees annually. The extent of the potentialities of the forest wealth which has come to us consequent on the reorganisation of the States, should be assessed, and effective steps taken for regeneration of forests.

Then, coming to the Registration Department, this is a matter in which I know the Government would not agree to my suggestions. The Registration Department is a service department and no Government can expect to make any revenue from this. I know the Government is getting Rs. 12 lakhs and it is not easy for them to accept any diminished returns. I am not convinced about the need for exemption given to the Land Mortgage Bank from the payment of registration fees, whereas a poor man who has got to register a document of Rs. 50 is compelled to pay the prescribed fees. I am fully aware that even from Land Mortgage banks, it is the ryots that borrow money and the exemption works in their favour. But why should the ryot be penalised when he borrows money elsewhere? It is not always that the Land Mortgage Banks come to the rescue of needy ryots. My point is let there be no discrimination in the levy of registration fees. I am all out for concessions to ryots who are poor. You appoint expert committee for investigating the tax structure. When they make certain recommendations you are inclined to accept them if it brings some extra income but when it is a question of lowering the income, you unceremoniously discard them. There must be some rationale. If it is a question of application of a principle, Government should be the first to accept it and apply it, irrespective of consequences. Particularly hereafter you will lose a lot of revenue. My suggestion is that you must run the department as a department of service at cost. There is no other principle involved. Government

should set a good example in these matters.

Next, Taxes on Vehicles.—In regard to this, you have shown receipts as Rs. 1,81,50,000 in the Budget Estimates as against Rs. 1,62,95,000 for the last year. This revenue is on account of the Motor Vehicles Taxation Act. This amount is, by and large, to be recovered from vehicles that come from the adjoining States like Andhra, Bombay and other States. This is in the nature of a double taxation. When our vehicles go into those territories they also tax. Sooner or later you must visualise a situation when there will be a lot of protests from the owners of buses and motor vehicles. We must be prepared to lose this revenue or at least to receive reduced revenue. When the Budget Estimates were placed before us, I wonder whether the Hon'ble Finance Minister was fully aware of this and whether in spite of this, he has shown the receipts of the order of Rs. 20 lakhs more than that of last year. More than anything else, this double taxation is likely to affect the trade and commerce of the country and ultimately it is the people, the consumers, who are going to be affected. It is from this point of view that I would like this matter to be considered in a larger perspective. Let us not show exaggerated figures on the receipt side on any account.

SRI T. MARIAPPA (Minister for Finance).—The whole matter is under the consideration of the Government.

SRI J. B. MALLARADHYA.—I thought it would not be wrong to mention this and I rather felt that it was my duty to draw pointed attention of the Finance Minister to this. I am glad the treasury bench has been seized of the matter. I repeat that this is a point which has to be considered sooner or later, and if it has already been considered, it is obvious that it is another item which will disprove the theory of a surplus budget.

Coming to the Sales Tax Department, I do not know why even here the Government have not placed before this House the details of demand, collection and balance of the Departmental

revenues. I consider that it is a significant omission. We are told that we are likely to get receipts of the order of Rs. 588.5 lakhs in the current year. It is good that this item XII-A is separated from XIII Other Taxes and Duties, because latterly Sales Tax has assumed a lot of importance and it has exceeded even the Land Revenue of the State which used to figure prominently in the revenue items of the State Government. I cannot understand how under receipts an increase of eighty lakhs of rupees could be anticipated. This is one item which figures as a major upset in the preparation of the Budget.

Sri T. MARIAPPA.—We are collecting the arrears as well.

Sri J. B. MALLARADHYA.—What is the average collection of arrears over the last three years? The increase of eighty lakhs of rupees is a matter for which there should be some explanation. In the Budget Memorandum it is stated:

“The increases in the Revised and Budget Estimates are anticipated under the New Sales Tax Act and the Mysore Sales of Motor Spirit Taxation Act, 1957.”

Twenty per cent of the increase is, it is stated, due to reorganisation of the department. I may invite the attention of the Hon'ble Minister to the fact that the normal recovery has not gone beyond 75 to 78 per cent over the last five years.

While speaking of the working of this department, I should invite the attention of the Finance Minister to the very unsatisfactory way in which this is being administered. If he only looks at the amount of sales tax recovered in Madras territory, our neighbouring province, we should feel a little ashamed. This figure of 588 lakhs of rupees may not look very big, having regard to the fact that we have a big population, big area, big business, big industries, etc. The entire staff, I must say, is reigning supreme in the realm of ignorance in regard to sales tax procedure and administration. The method of recruitment to this department, I consider, is

perhaps responsible for this state of affairs. Anybody who wants to get into the Sales Tax Department, for reasons best known to himself, will get a job. There is no question of recruitment; there is no question of training; and if any assessee asks certain questions for clarification, invariably he is disappointed. This is the experience throughout the State. Further, Government has not devised any training programme at all, for the selection of personnel. It is a serious blunder. I therefore suggest to the Government that they should have a regular training programme for officers posted to this department and to see that they serve there for three years at least. Otherwise the entire country will suffer from lack of efficient procedure. As I said, from top to bottom, there is colossal ignorance prevailing in the department. Unfortunately for us when the Sales Tax (Amendment) Bill came up before the House for discussion we kept out of this House and did not participate. I do not think I need make a reference to this.

Sri T. MARIAPPA.—Of your own making.

Sri J. B. MALLARADHYA.—My friend Sri Mariappa provokes me to say something. There is not even a spirit of give and take in this matter. We on this side were denied opportunities of making a statement as to why we staged a walk out. We owe a responsibility to the constituency; we owe a responsibility to this House and to the wider public of the State to furnish the reasons as to why we staged a walk-out. Though technically we had perhaps a right we were not allowed to make a statement. Had we been present, we should have contributed to the shaping of this legislative measure.

In the list of exemptions, there are certain items which have got to be necessarily included. Take, for example, ribbon and gota which is very commonly manufactured by some poor families in Bangalore in dingy hovels. If the Hon'ble Minister for Finance or those responsible only walk into that locality

(SRI J. B. MALLARADHYA)

or area he will see the unjust way in which we have treated those people. During my tenure of office as Director of Industries I have personally acquainted myself with the way in which this cottage industry works and how the workers use fractional horse power motors ranging from $\frac{1}{4}$ H.P. to one H.P. They are people who cannot afford to use block power. The total plinth area of their houses will not be 10 to 12 square feet with bath room, bed room, kitchen including fifth block. In such houses they live. We consider big problems of encouraging rural cottage industries, small scale industries and we neglect those who are suffering under our very eyes. Their present position is—the only consumer of these goods, viz., Pakistan is not taking any goods from India at all. The only State which was manufacturing it in large quantities is Mysore and I cannot understand the rationale behind the levy of sales tax on this item. I see a very big list of exemptions. But curiously this is not an exempted item. Petty officials of the Sales Tax Department go and harass these people. They are helpless. They cannot get the quota requirements of art silk. I would therefore like the Hon'ble Minister for Finance to see the reasonableness of the claim put forward by these people and exempt, particularly the ribbon and gota, from the levy of sales tax. The cost is not likely to be very much. I think it would not cost more than five thousand rupees annually to Government but the harassment of the poor is the point for consideration. This is a legitimate grievance of the people and it is a well deserved cause for which exemption should be granted.

SOME HON'BLE MEMBERS.—What is this ribbon used for?

Sri J. B. MALLARADHYA.—It is not merely as a matter of fashion. It is necessary to keep the hair in position. It is a question of grace combined with fashion also.

Sri M. C. NARASIMHAN (Kolar Gold Fields).—The Finance Minister is somewhat old fashioned.

Sri J. B. MALLARADHYA.—He may look a little old fashioned. In his heart of hearts he is one of those respectors of decency, good looks and fashion. (*Laughter*).

With regard to other taxes, speaking of tax on electricity, I do not know why the Finance Minister did not consider the necessity of introducing uniform legislation both in the Mysore State and the integrated areas of the new Mysore State. I have every reason to believe that if uniform legislation is secured, we are likely to secure an increased income. So steps may be taken in that direction, i.e., in introducing uniform legislation.

With regard to Entertainment Tax the main beneficiaries are the local bodies like the Municipality and the District Board. From the point of view of giving them increased revenue it would be necessary for the Government to introduce uniform legislation. It is not likely to be opposed, nor is it of a complicated nature. I think the example of Madras and Bombay in this behalf would help us to evolve a nice pattern of legislation in regard to Entertainment Tax.

Sri T. MARIAPPA.—Bills are already ready.

Sri J. B. MALLARADHYA.—Thank you.

In regard to Prize Competitions, I am sorry that the Government have failed to convince the general public of their earnestness in getting a good bit of their legitimate share of Prize Competition from a firm known as R.M.D.C. about which I believe the matter is in court. That particular firm has successfully dodged payment of the tax due to this Government. In fact a big tale hangs round that. The previous administration stood discredited on account of this. A sum of four lakhs and odd of rupees is shown in the Budget as the anticipated recovery of arrears from R.M.D.C. It is a very insignificant portion of the amount that is legitimately due to the Government. In fact various papers published it. Public conscience has been wounded. The Government of India Act was made applicable to this

State. I request the Government to see whether there are possibilities of getting a little more than that from them. For the time being I leave it at that since the matter is in court.

In regard to sugarcane cess there seems to be no uniformity in collection. They are collecting cess in Bellary area; they are collecting cess in Karnatak area; but so far as the Budget figures are concerned, they are not shown in one place. We do not know from which place it is being collected. Though Rs. 20 lakhs are shown, I know this amount is likely to benefit particular localities like the Mandya Sugar Factory and the Hospet area. In any case, it is very necessary that a common Act should be evolved and that this cess.....

Sri T. MARIAPPA.—The Bill is ready in this behalf.

Sri J. B. MALLARADHYA.—Very well. Thank you.

Mr. SPEAKER.—The House will now rise and meet after half an hour.

The House adjourned for Lunch at Three of the Clock and re-assembled at Thirty Minutes past Three of the Clock.

[Mr. SPEAKER in the Chair]

Sri J. B. MALLARADHYA.—Sir, I invite attention to XVII. I.N.E. and D. Works (Commercial) under which credit is taken for direct receipts under water rates amounting to Rs. 24.67 lakhs which is exactly seven lakhs in excess of the revised estimates and definitely ten lakhs in excess of the budget estimates for 1957-58. It is not clear on what basis these receipts have been taken into consideration, but if past performance is any indication of the collection of water rates, I am afraid that is a very liberal estimate and it hardly gives a correct picture of what is going to happen in future. There is one very disconcerting feature about

this particular item. The gross receipts amount to Rs. 77.74 lakhs, and working expense is of the order of Rs. 75.24 lakhs and the cost of maintenance and repairs is of the order of Rs. 58.97 lakhs. This is a kind of performance about which one has got to think twice before agreeing to this state of affairs. Talking of wet rates, I do not think I shall be very popular in making a statement that the increased levy of water rates does not seem to have been considered by Government at all. In saying this I am not trying to come in the way of the poor agriculturist. There seems to be no distinction between wet cultivation by which we get paddy and sugar-cane and perhaps I would not be wrong if I say that the wet rates are the lowest in the whole of India. Even if we compare with our adjoining States, there is greater justification for at least revision of the system of water rates. As I said, I know that I shall not be very popular in making this statement.

Sri H. K. VEERANNA GOWDH (Minister for Public Works).—I may inform the Hon'ble Member that an amendment to the Act will be introduced during this session.

Sri J. B. MALLARADHYA.—Very good, then, I shall leave it at that.

There is only one matter to which I would like to invite the attention of the Hon'ble Finance Minister and that is with regard to the capital outlay. This has not been shown under one single head of account. If you will kindly see 68 I.N.E. and D. Capital Outlay an Improvement of Public Health and 39 Public Health, it will be seen that capital expenditure is booked under several heads. I do not know if it is a normal procedure. I shall be glad to know why the expenditure is booked under various heads under capital outlay. For instance, a sum of Rs. 17 lakhs under K.R.S. Works is shown on page 405. Capital Outlay on Improvement of Health is shown on page 412 and Capital Outlay on Public Health is shown on page 155. I want to know whether there is any significance or

(SRI J. B. MALLARADHYA)

whether it has escaped anybody's attention. It is only a procedural matter and still I thought I should bring this matter to the notice of Government. On page 155, even in respect of works B and C there are three different heads for the same capital expenditure. I think it is worthwhile changing our capital heads. I do not wish to say anything more on this subject.

Speaking about "Interest on Irrigation Works (Commercial), though it is a charged item, I invite attention to the Financial Memorandum prepared by the Finance Department. The Financial Memorandum is most exhaustive this time. Well, I must pay a compliment to the Officers of the Finance Department who have given a lot of useful information. It was not there in previous Financial Memoranda. A word of praise is due to them for all the work they have undertaken with the limited staff under them and having to face all the difficulties of the reorganisation and all that. Still I think there is a lot more to be done. I cannot be unmindful of a good job very well done so far as this point is concerned.

SRI T. MARIAPPA.—Thank you very much.

SRI J. B. MALLARADHYA.—In this connection, I would like to invite the attention of the Hon'ble Finance Minister to that very note which says:

"As Capital and Revenue accounts were not maintained in many cases these adjustments have not been correctly carried out in accounts and the question of regularising the accounts procedure is under consideration."

This state of affairs seems to have continued for quite a number of years. I would like to know what exactly is the trouble. I think it is better that we get the details regarding estimated cost and actuals, land revenue, water rate and maintenance net receipts and so on, very soon. Unless all this information is furnished to us, we will not be in a position to make any worthwhile comment in regard to the

administration of the irrigation works. I shall leave it at that.

Coming to "18. Other Revenue Expenditure Financed from Ordinary Revenues (Irrigation Works)", a sum of Rs. 31.80 lakhs is provided under maintenance and repairs. While speaking on supplementary demands, I have already mentioned this as an item of expenditure which does not land itself to any kind of check. The Hon'ble Finance Minister was pleased to mention in his budget speech that he was thinking of a technical audit and programme audit. This is a recurring item of expenditure and year after year you go on spending Rs. 30 lakhs. In an important matter like this I should like to know whether you are making any assessment of the results. I would like to know whether there is any assessment in regard to the increase in the acreage under cultivation as a result of the restoration of tanks. Then there is the common complaint that the lands at the tail end of the Atchkat do not receive water at all. If as a result of your spending Rs. 30 lakhs this kind of complaint is minimised, then the expenditure would be worthwhile. Otherwise, I am afraid this amount will go down the gutter as it has happened on many occasions in the past and I do not want such a thing to happen, particularly with a very energetic Public Works Minister like Sri Veeranna Gowdh.

SRI H. K. VEERANNA GOWDH.—Thank you for the compliment.

SRI J. B. MALLARADHYA.—I am one of those who would give compliment where it is due. Unfortunately, my complaint is that I do not get it where it is due to me.

Sir, in regard to this expenditure, there is one very regrettable feature and that is, the raiyat's responsibility is not being enforced. In a matter like desilting of tanks, if you go on spending money, there will be no end. In any year, if there is an unusual rush of water, and sand and earth come in from a particular region, once again the tank will get silted. How are you going to meet this recurring expenditure?

Sri C. K. RAJAI AH SETTY (Chik-naikanahally).—Even for that, they could take preventive steps.

Sri J. B. MALLARADHYA.—What I want to say on this occasion is that even in a bareaucratic set up of Government we were seeing that the raiyat's responsibility was enforced in a majority of cases. Even as we visualised the Village Panchayets Act, we provided for rural labour. When other States in India did not even dream of the Village Panchayets Act, we were the pioneers in that field. We used to get it done by rural labour. In fact the efficiency of the revenue officer was judged by the amount of voluntary labour which he could enlist for such works. Instead of enforcing the raiyat's responsibility, if you go on spending enormous amount of money, I am afraid it will end in disaster. I can only say that you will weaken the instincts of self-help and we will be doing a positive disservice to rural folk. We are now in the hands of a popular Government. You feel the pulse of the ryots. You know the requirements of the people. You have the support of the people. You must capitalise the confidence you have secured from them and see that that is diverted into channels of fruitful activity, with the result that the money spent under this head, may be minimised. That is my suggestion to the Hon'ble Minister.

Coming to the amount of money receipts under Interest, you have shown on page 22, that Government estimates the receipt of a big sum of Rs. 120 lakhs under 'Interest'. I should like to know, Sir, what is the basis on which these receipts are calculated. What is the block capital which has been transferred to the Electricity Board? What is the exact amount of loan advanced? I do not see this anywhere. I have not read it in detail also. On page 100, however, it is mentioned that the Capital Outlay on the Electricity Scheme 81-A is Rs. 5.68 crores. Whether this amount represents the capital transferred to the Electricity Board, is not made clear. You have taken credit for Rs. 120

lakhs. That point should be made clear.

Under Interest, you show an increase of more than Rs. 67.56 lakhs over the Budget estimates of 1957-58. There is no explanation at all as to how this increased interest is realised. When the Electricity Board was formed, it is a very important matter of which the Legislature should have been apprised and the Members are entitled to know what exactly is the effect of the formation of the Electricity Board on the general revenues of the State. To that extent, have we suffered or gained? It is all right, if we have gained. But if it is not, this House is entitled to know what exactly is the loss. The question of the formation of a Corporation for the Iron and Steel Works, the formation of the Corporation for transport—these are in the offing and the Government of India, I understand, has insisted on the formation of such autonomous Corporations, according to statements made. But you are taking credit for Rs. 120 lakhs towards interest. I should like to have a clarification from the Treasury Benches in regard to the basis on which these receipts are booked, as to what is the capital that is transferred, what is actually the amount of loan that is given and what is the rate of interest at which this has been given.

Sri T. MARIAPPA.—In fact the Board is paying interest on the capital we have invested on the electricity undertakings.

Sri J. B. MALLARADHYA.—But does it represent the entire interest due on capital?

Sri T. MARIAPPA.—I will answer in detail later.

Sri J. B. MALLARADHYA.—I must now refer to the public debt and the debt service charges. Here again, it is a very disappointing performance that you do not place the D.C.B. before us. It is however gratifying that the Finance Department is giving a complete list of all the Central loans. This is a new feature of the Budget Memorandum, in which you give a complete list. I do not call it a very encouraging feature of the Budget; what

(SRI J. B. MALLARADHYA)

I say is it is only an encouraging feature in the preparation of the Financial Memorandum.

Sri T. MARIAPPA.—We want to keep the members informed of this.

Sri J. B. MALLARADHYA.—According to my estimate, the total public debt of the State as on 31st March 1958 would be Rs. 8241.33 lakhs as given on page 13. I expect that it would be of the order of Rs. 102.74 crores on 31st March 1959. There will be in addition another Rs. 18.32 crores of rupees. On page 101, you say that Unfunded Debt would be of the order of Rs. 18.32 crores. That will come to roughly Rs. 120 crores at the end of 31st March 1959. If you please calculate interest even at 4 per cent you will have to be giving a sum of Rs. 4 crores only towards interest.....

Sri T. MARIAPPA.—On page 303, we have provided, if my memory is correct.

Sri J. B. MALLARADHYA.—We will have to provide for sinking fund charges. In addition to this, you have to provide for Rs. 3.50 crores for the repayment of loan. You will necessarily have to increase the quantum of repayment of instalment. By the end of Plan period, your total annual commitment will be of the order of 10 to 10½ crores of rupees. My question is, where are you going to get all this money towards the payment of interest on loan charges?

Sri T. MARIAPPA.—I have placed the matter before the House.

Sri J. B. MALLARADHYA.—The only sources which I can visualise, Sir, are the major irrigation projects, and the industrial undertakings. I should like to know whether you have got at least a rough picture of what the realisations will be from these industries. They have to provide for depreciation, they have to provide for interest on borrowed capital, they have to meet interest on the balance of working expenses, they have to create very many funds for amenities, etc. After paying all these items, do you really expect these

major irrigation projects and industrial concerns to give you sufficient money to pay interest on loan charges. That is item No. 1. Of course, in the statement of assets and liabilities, you do not bring in the Thungabhadra and the Ghataprabha projects. According to the statement, you show an excess of liabilities over assets, and you say that since Thungabhadra and Ghataprabha are not included, it is likely to show a surplus. Do you really think that the Thungabhadra and the Nugu irrigation projects are going to bring increased revenues to the State exchequer?

Sri T. MARIAPPA.—They will at least bring increased wealth.

Sri J. B. MALLARADHYA.—There can be no two opinions about that. They may create new wealth like the forests. But my point is, how are you going to repay the debt, and how do these things help you to repay the debt? One of the oldest of irrigation projects like the K.R.S.—I am open to correction—is paying less than one per cent. If a project that is 50 years old and one which was designed by one of the brightest and ablest sons of our motherland and which at the time was described as the *kamadhenru* (ಕಾಮಧೇನು), should be giving less than one per cent yield, with what courage and with what complacency can you say that these major irrigation projects would give us sufficient money to enable us to repay the debt?

I would invite your attention to page 405.

I am not ignoring the indirect benefit. But I am talking of the debt services. This is not as if I cannot appreciate the indirect benefit that accrues to the State. On page 405, there is a provision of Rs. 18 lakhs, to be more correct, Rs. 17,72,000 is provided for K.R.S. Works under capital outlay. The K.R.S. works are fifty years old and I do not know why you have not closed the capital accounts. If it is spent for capital works and if this is the amount that is spent today, should it not be charged to revenue accounts? If you do so, would it be a surplus budget?

I should like to invite the attention of the Hon'ble Finance Minister to page 79. That refers to Payment of compensation to zamindars—Rs. 35 lakhs and odd. On the same page you are making a provision for the construction of I and C works covering Rs. 596.84 lakhs. Rs. 681 lakhs is another item of expenditure. Rs. 118-92 lakhs is another. On page 86 there is an item of expenditure of Rs. 364.46 lakhs and on page 87, Rs. 37.38 lakhs. In all it makes a total of Rs. 1,102.12 lakhs, roughly about 12 crores. Except for a sum of Rs. 35 lakhs, all other items, to the extent of Rs. 11½ crores relate to unproductive works. I cannot believe that the Hon'ble Finance Minister did not realise the magnitude of the committed expenditure to the tune of Rs. 11.75 crores and what is the benefit?

In this connection, I would like to invite attention to page 65 of the Official Memorandum. Under buildings alone, you are making provision for Rs. 266.57 lakhs.

Sri T. MARIAPPA.—I have raised this point in my speech also in regard to unremunerative character. That is why I am raising it under debt services.

Sri J. B. MALLARADHYA.—It is all very well to say that you are creating wealth for the country. On the other hand, I would like to know if there is any justification for spending Rs. 266.57 lakhs on buildings alone.....ಕನ್ನಡದಲ್ಲಿ ಹೇಳುವುದಾದರೆ, ಈ ಕಲ್ಲು, ಗಾರೆ ಇವುಗಳಮೇಲೆ ಏಕೆ ನಿಮಗೆ ಇಷ್ಟೊಂದು ವ್ಯಾಮೋಹ ಎಂದು ಕೇಳುತ್ತೇನೆ.

ಶ್ರೀ ಟಿ. ಮರಿಯಪ್ಪ.—ಇಲ್ಲ, ಬಹಳ ಪಯತ್ನ ಮಾಡುತ್ತಾ ಇದ್ದಾರೆ. ಇದು unremunerative ಎಂದು ಹೇಳಿ absolute minimum expenditure ಮಾಡಬೇಕೆಂದು ಸಲಹೆ ಮಾಡಿದ್ದೇವೆ. There is non-plan expenditure.

Sri J. B. MALLARADHYA.—Further, I should like to invite the attention of the Hon'ble Ministers to this fact. You build quarters for the Ministers at an estimated cost of Rs. 90,000 to one lakh of rupees each.

Sri H. K. VEERANNA GOWDH.—Only 45 to 50 thousand rupees.

Sri J. B. MALLARADHYA.—I am addressing the Government. To me whether it is Hon'ble Sri H. K. Veeranna Gowdh or Sri K. Hanumanthaiya, it is much the same. You build quarters for the Ministers at an estimated cost of one lakh of rupees. It is intended as quarters for the Ministers. But none of you go and live there. You direct the officers to live there. Merely because they are actuated by habits of discipline, they are made to live there. Another thing is—are you getting the six per cent return on the investment? You proclaim from house tops that you are building a socialistic pattern of society. Why should Ministers live in houses like the ones now built at a cost of one lakh of rupees? Is it setting the pattern for a socialistic state of living? Is it plain living and high thinking? You are spending this money from the State Exchequer. Further this indiscriminate construction of buildings must stop. From the Budget, I see that you have planned to spend six lakhs for legislators' quarters. My friends may say that we should have a building. But I wish to say that you pay us a handsome sum of Rs. 16 a day. There are any number of good hotels. Till such time as there is better opportunity to enable us to have buildings let us continue. You are again providing six lakhs for Ministers' quarters. This should stop until such time.....

Sri H. K. VEERANNA GOWDH.—It is for a dozen Ministers' quarters.

Sri J. B. MALLARADHYA.—So 12 Ministers are coming. Thank you for the information. Did not the Planning Commission advise you to avoid non-plan expenditure? Has that been heeded to? Why is it that you go on spending money recklessly?

Sri H. K. VEERANNA GOWDH.—While thanking the Hon'ble Member for the suggestion, I must bring to his notice that all the buildings occupied by the Ministers are not all Government buildings. We want more accommodation for the Ministers. To release these buildings for Government purposes and to have humbler dwellings

(SRI H. K. VEERANNA GOWDH)

for the twelve Ministers, a sum of six lakhs has been provided. So far as legislators' building is concerned, accommodation in hotels may be available. But we are expected to sit here for over ten to twelve weeks once a year and a few weeks at other times. To do their work, they are expected to stay comfortably. They come from far away places and stay here without their families. They should be comfortable. Considering all these, hotel living is not conducive to the health of the legislators. Therefore it has been decided that a decent hotel with bachelors' quarters should be put up. Therefore it is not as the Hon'ble Member imagines a luxury proposal that we are now making.

Sri J. B. MALLARADHYA.—My plea is that this question of putting up very comfortable if not luxurious buildings can only come in at a time when we can afford. We on this side of the House do not want to create trouble. Some of the buildings in which we are staffed, if I were asked to live, I would never agree. That shows the tenacity with which my friends have reconciled themselves to their fate. I have gone to Sydney House where we are lodged. It is not a fit place for legislators to live. On behalf of the Opposition I would say to avoid avoidable expenditure; we are putting up with a lot of inconvenience. Therefore, do not think of a building programme.

Dr. R. NAGAN GOWDA (Hospet).—Is it the suggestion of the Hon'ble Member that the members should live in this inconvenience?

Sri J. B. MALLARADHYA.—My friends have got into only one way of thinking. One psychologist has said that certain minds are like cement concrete. They are always dead set. In such a state of mind there cannot be any change at all.

Sri B. BASAVALINGAPPA (Bangalore South).—How many members share your views?

Sri J. B. MALLARADHYA.—Leave it to me. It is a matter which is very

reasonable. I can tell you this. Some of you may say that I am living in Bangalore. My friends are content to reside at one place. But when others are staffed at Kumara Krupa or Crescent House, they ask, why not we and why should only one particular set of people be staffed there. If you come and see Sydney House, you will see how my friends are sacrificing for the benefit of living in one place.

Then coming to 50 Civil Works, I would ask you to defer these proposals for building works. My point is, in spite of our criticism, you have got a majority, you will get the things done. But let not my speech turn out to be "a cry in the wilderness." Please listen to good advice. Take us with you. On desirable objectives we are always with you.

With reference to 50 Civil Works, they have now introduced an innovation in the Budget providing for all items costing Rs. 20,000 and more and group of works costing Rs. one lakh and above being treated as works coming under capital major heads. Obviously, all these items of works are going to be charged to borrowed capital. This system I am afraid is likely to encourage putting up buildings and carrying out works of an unremunerative character out of borrowed capital. It is due to the good offices of the Finance Commission that we have been able to balance the budget. In the previous years it is because we did things of this kind that we ran into heavy deficits. Will you not take a warning at least now and prevent this kind of wasteful expenditure? Merely because a provision is made or the Planning Commission of the Government of India has suggested classification of works, don't take shelter under that and go on spending money. Please be careful about it. That is all my advice.

In regard to the closing balance, the Minister for Finance was in a mood of great optimism when he referred to the financial stability and the State's creditworthiness in regard to the loan and the subscriptions received towards the market loan floated by the State.

I am talking of the closing balance. I am asking seriously whether you consider the finances of the State to be very sound as you expect or whether you will convince us in regard to this matter. Please take page 3 of the Budget Memorandum. You expect a deficit of Rs. 507.11 lakhs. Next year you will clearly see that you will have to face a similar deficit at the end of the year. And what is your closing balance at the end of 58-59? It is 28.42 lakhs. You will have to maintain the same level of capital expenditure and also provide for a little more than the revenue expected due to natural increase. Then how would the Government meet these obligations in the year 1959-60? You say that you will raise a market loan. I say it is not so easy. The Government of India will have to be consulted. The market will have to be studied. You do not know how much you will be able to raise. If you depend on public accounts or unfunded debt, withdrawals are not likely to be of much lower magnitude than at present. You will have no money from the market borrowings, you will be left with hardly Rs. 28.43 lakhs. How are you going to meet the obligations in the third year of the Five-Year Plan is my question. Then what about your efforts in small savings? You say you are a popular Government. You collected Rs. 4 crores and were left with just a crore of rupees which is roughly 25 per cent of your anticipations. In the small savings scheme you are not likely to benefit much and your cash balance will not improve. A time may come when you may be forced to ask ways and means advances from the Government of India. That eventuality has not happened in the history of Mysore. You will be making history by resorting to this. I am very zealous in guarding the prestige of the State. Two other States—I do not wish to name them—also had drawn very heavy ways and means advances from the Government of India. Would you like to develop a situation like that? Ministers' buildings and all that are thought of. The way in which you have to spend moneys of the State

Government—has the Finance Minister thought of it and what are the concrete proposals? I see a deplorable attitude on the part of the Ministers to boost up the Plan. As Commissioner for Development and Planning, I drew up the First Five-Year Plan for Mysore when not many people knew what planning meant and why Economic Planning should be thought of. I had the assistance of the present Minister for Finance who was then not the Finance Minister. Even though there was a tendency to increase the magnitude of the Plan, I pleaded valiantly against it and I was silenced and I kept quiet out of a sense of discipline. At the end of the Five-Year Plan, what did they find? They found it very difficult to manage. It is a very common economic theory or principle that in a developing economy, current revenues should make an appreciable contribution to finance projects on capital account. As a matter of principle, we should have faithfully and scrupulously respected this principle and abided by it, but to-day what is happening in a popular Government? You have unceremoniously disproved this and are running into debts. What exactly is the financial position of the State going to be at the beginning of 1959-60 and at the end of 1960-61.

Sri T. MARIAPPA.—I have indicated the position.

Sri J. B. MALLARADHYA.—At least Rs. 20 crores annually will have to be found to redeem our obligations.

Sri T. MARIAPPA.—Therefore it is left to the members to agree to taxation.

Sri J. B. MALLARADHYA.—When you make suggestions, you don't take us into confidence. When you are in a bad position, you would like to consult us.

As regards loans to cultivators, in a majority of cases, it must be within your knowledge that we don't give 'samjayishi' to poor cultivators—let alone the big cultivators who take heavy loans—but in the case of a man who has taken an ordinary loan of Rs. 500, even that 'samjayishi' is

(SRI J. B. MALLARADHYA)

not given and that is the reason why your loan arrears have not been recovered. I have two suggestions to make. I should like the Finance Minister and the Chief Minister to make a representation to the Government of India that the entire small savings collected within these areas should be allowed to be used by us. That is one of the suggestions I am making. I do not know whether it will find favour with the Central Government, having regard to the situation in which we are likely to be placed at the end of 58-59. Further, you remember that we surrendered more than Rs. 5½ crores out of the Insurance Fund of the State.

SRI T. MARIAPPA.—I will intimate the policy that the Government of India is following. If you don't go to the open market then they will allow us to retain two-thirds of the claim; otherwise it will be one-third.

SRI J. B. MALLARADHYA.—I am fully aware that a proposal like that is not likely to be accepted by the Government of India, but in this federal financial structure when all our expenditure is of such magnitude and when all our realisations are known, we think of some measures of taxation. You have indicated some kind of a levy or surcharge on bus transport, which is not likely to be a popular measure. The revision of water rate should be taken up immediately. Even then, vested interests will come in the way. Once again political considerations have come in the way of implementing the proposals made by more than one Committee. The Taxation Enquiry Committee and Madhava Rau Committee which are your own official committees have referred to it. In spite of that, you have not given effect to it. The obvious inference is that you are more afraid of vested interests coming in the way and of election results coming in the way. You have provided Rs. 37½ lakhs on interest to be paid every year towards the amount of Rs. 5½ crores that you surrendered or that you have got to pay to the Insurance Corporation. The premium amounts are being

collected in the State. Should not at least this portion of the resources be allowed to be utilised for current expenditure by our Government? The I.C.I. should be persuaded to agree to that at least in the interests of our cash position and ways and means position.

I should like to refer to the system of matching grants by the Government of India. It is one thing that has brought us into trouble and involved the State into heavy deficits in the previous years. Merely because the Government of India offered to give some grant on condition that you give half the grant, you said out of false prestige that you would accept it. In the Education Department, we have had to surrender more than Rs. 50 lakhs, merely because we could not provide the matching grants. When once the revenues of the State are fixed and the sources definitely ascertained, there is no scope for finding the matching grant out of the normal State revenues. Even in the Second Five-Year Plan period you are making the same mistake of accepting subsidies and accepting their grant. The sooner you end this state of affairs, the better. This system of matching grant is alien to the federal financial structure. I therefore earnestly request you to see that this system of matching grants is not encouraged.

With regard to jails—you all had the privilege of being Government guests on a number of occasions in jails (*Laughter*). In a popular Government we are spending a sum of Rs. 34.63 lakhs as against the receipts of Rs. 7.2 lakhs on jail administration. If you will see the Budget figures you will find that there is loss under 'Jail Manufactures.' It seems to me that there is something wrong about it. Jail is a place where the convicts are supposed to be kept under discipline, doing good work and getting good food. As such, I do not understand how loss is shown in the jail manufactures. There was a time when during the period of my esteemed friend Sri Siddaramappa as Superintendent of the Jail, our jail manufactures figured very prominently in the emporia of adjoining

States and brought credit to the State. It enjoyed such reputation. Instead of being a source of revenue, there has been loss in this behalf.

Sri C. K. RAJIAH SETTY.—The Minister for Industries and the Minister for Jail are the same.

Sri J. B. MALLARADHYA.—I am now coming to the Police Department where we are spending a sum of Rs. 309.93 lakhs. I really cannot understand how in the present set-up this enormous expenditure is being allowed to be continued. Successive committees—Madhava Rao Committee, Pay Revision Committee—suggested reduction in the establishment of the Constabulary and to investigate the possibilities of reducing the expenditure. I am asking where is the justification for continuing this expenditure? The one department in which I did not serve is the Police Department because I had a contempt for that department. I said this to late Mr. Hamilton. He [was surprised at this when he found that officers were anxious to don the police uniform. I have donned the uniform in the military departments and as a scout. What I am saying is that you have committed yourself to increased expenditure under law and order. You are the representatives of the people. You know who are *badmashes* and you know how to deal with them. Therefore it is better that you get them under control by using your good offices and in that way cut down the expenditure and not mount it up year to year. In the adjoining territory of Madras they have got the system of Circle Inspectors. There is a lot of scope for reduction in expenditure and you do not do that. There is one other matter. The efficiency and the morale of the department has got to be increased by changing the rules of recruitment and the standards of recruitment. Think of Bombay—I should not think of a policeman in London—the average policeman in Bombay. We should like to have in Mysore a police constable who is educated *i.e.* with minimum education S.S.L.C., who is imbued with ideals of service, and who is a man of character. All the allegations that

are being made against the department, not excluding the one about the late lamented Muniamma, are, I consider, due to lack of morals or lack of standards of character and lack of procedure in selecting proper policemen, proper personnel and due to low scales of pay. I am for reducing the number of police constables and giving a higher scale of salary and having educated people.

Sri T. MARIAPPA.—We have increased their salary recently. We are now on par with Madras.

Sri J. B. MALLARADHYA.—How can you expect moral standards in the department with a set of half educated, ill-equipped people, people without any cultural background? It is a matter of prestige for the State. You must re-organise the Police Department. You must cut down the expenditure. In fact we are patting ourselves on the back that we are building up a welfare State. Your objective of building up a welfare State will be frustrated if it is going to be a Police State, having regard to the recent instances or occurrences. I cannot resist expressing the view that we are now being characterised as a Police State and that should never happen in a State like Mysore which you and I love and admire. I am fully aware that the Minister for Police would make a very valiant defence, saying that we must keep the morale of the police at a high level. I am one of those who agree with him that even in a democracy, law and order will have to be maintained at a high pitch and that there should be a very high standard of morale. But I am not one of those who will subscribe to the view that you can maintain a high level of administration by such illiterate people and only by quantitative expansion.

Sri G. DUGGAPPA (Chitradurga).—Has literacy anything to do with the morale?

Sri J. B. MALLARADHYA.—I do not want to divorce one from the other. I always think that morale and literacy go together, not necessarily the other way about.

I now come to my favourite subject—Education.

Mr. SPEAKER.—How much time are you likely to take? You have already taken one hour and twenty-five minutes.

Sri J. B. MALLARADHYA.—I may take about 45 minutes more because I have only touched the general principles of the Budget and not gone to the departments.

Sri T. MARIAPPA.—This is his maiden speech. I think you can give him some more time.

Sri J. B. MALLARADHYA.—I am thankful to the Finance Minister for being indulgent.

Coming to Education.—I shall confine myself to salient points and I shall have time to speak on cut motions. In the Governor's Address it is stated that revised scales of pay are given to aided institutions. I should like to correct that feeling which has crept into the mind of the Hon'ble Minister. I personally feel that the latest order issued by the department at the instance of the Government, I very much wish, had not been issued at all for the simple reason that it does not secure any facility at all for teachers working in educational institutions run by private management. The position is: It is stated in the Government order that it is open to the private managements to give higher scales of pay if they like or a lesser scale of pay. I have yet to see a Government Order which is worded in this way. If you say "if you like you may give it or if you do not like you may not", it is all right. Why should a Government Order of this type be passed I cannot understand. You will see that in fact out of 532 high schools only 90 are Government schools, 442 are all managed by the district boards and municipalities or private agencies. Out of 1660 middle schools, only 764 are Government schools.

Mr. SPEAKER.—Is it for the whole State?

Sri J. B. MALLARADHYA.—It is for the enlarged State which information I got from the Education Department.

Mr. SPEAKER.—The source need not be given.

Sri J. B. MALLARADHYA.—I am very sorry. It is printed. I am only in the habit of saying from what is published by the department which is made available to everybody, even to the man in the street.

This Government Order affects thousands of teachers working in aided schools and what has happened is that even the managements who were quite willing to revise the scale of pay have withheld it for the simple reason that it is not obligatory. At one stage I spoke to the Minister for Education. In fact I represent 65,000 and odd teachers. I am their representative, being the President of the Federation. I have made this request for the last six months and I am sorry to say that even the importunities of a representative body like the Mysore State Education Federation are not correctly understood by the Government. In fact I would not have referred to this on the floor of the House but I am surprised that as a person representing 65,000 teachers I am not given a proper hearing. I invite the attention of the Government to their own order passed as far back as 1942.

"In fact, the Management shall conform to the rules and regulations framed from time to time by Government in respect of courses of study, syllabi, text books, school buildings, equipment, examination, recruitment, qualification, and emoluments of teachers, standards of teaching, etc."

I brought to the notice of the Minister concerned the existence of such a rule. This order was passed as far back as in 1942. Still it has not been revoked or got examined by the Legal Branch till today. Though this order was passed 4 months ago, nothing has been done. Another time when this issue was raised, one learned Secretary of the Department raised the issue of constitutional difficulty. I read through pages after pages of the Indian Constitution and I brought to the notice of the Minister that according to my knowledge, however limited it may be in law, there is no such legal difficulty.

In spite of all that, even today the position of number of teachers is that they are in a state of despair. There is a limit to the patience of even an ordinary peon or a clerk or a teacher. We may be sponsoring very big schemes, spectacular schemes, at the instance of the Government of India which may promise very big and spectacular statistical results, but so long as you keep the teacher discontented, I am afraid you can never expect to secure academic standards of a high order. It is impossible to think of education being made cheap. Cheapness and education are two ridiculously contradictory terms. I know there are some people who still hold the view that education could be made cheap. Of course, I am not in favour of putting up costly school buildings. That is not cheap education as I understand it. During the time I was associated with the Department of Education, I used to encourage people getting trained in the training institutions. I would not sacrifice the interests of the teacher. You must keep him contented and if you do that, all the other schemes will be very successful. So long as you do not recognise the role played by the teacher in raising academic standards and shaping the destinies of millions of young men, all the other schemes will not be successful. They can make or mar the future of the young men entrusted to their care. I have been mentioning the feelings current in the minds of teachers. In fact, I have prevented them from resorting to trade union activity, but a time may come when I will find it almost impossible to stop them from doing so. The Government may say that they will get the matter under control. I do not want Mysore to figure prominently in head lines in all the papers saying that 10,000 teachers have struck work. It will not be a very good thing for Government if 2,000 aided schools resort to strike. What can the Government do if that happens? The principle of 'equal pay for equal work' has been recognised by the Constitution. When it serves their purpose, they take shelter under constitutional difficulty and when it

actually means helping a poor man, there is no constitutional point in his favour. I am afraid this kind of argument will not help anybody.

SRI T. MARIAPPA.—Sir, I would like to correct a misapprehension on the part of the Hon'ble Member. So far as Government is concerned, we have made it very clear that we are prepared to give the requisite grant provided the institutions concerned increase the pay and apply for grant-in-aid. But so long as the institutions are private, so long as they have got their management and so long as they possess some autonomy, we do not want to encroach upon their autonomy. In fact, after the Government Order, most of the private institutions have fallen in line and they have drawn their grant-in-aid. Therefore, it is up to my Hon'ble friend to persuade all the private institutions to accept the Government scales of salaries. After they accept those scales of salaries, they can apply for grant-in-aid and we are bound to pay it to them. Perhaps, a little reflection on his part will convince him that he will be the first to resist or even resent any encroachment on the internal autonomy of an institution.

SRI J. B. MALLARADHYA.—There is a non-official resolution tabled by my esteemed friend Sri Veerappa on this subject. As I shall have occasion to talk on it, I do not wish to dwell upon it any further at this stage. I may, however, tell the Hon'ble Minister for Finance and the Hon'ble Minister for Education that it is impossible to resist the kind of dissatisfaction prevailing in the minds of teachers. It is not as if the Government would be encroaching upon the autonomy of the institutions concerned. Supposing so many institutions stop functioning, would the Government keep quiet with folded hands? Why do you think that our educational institutions run by private management are not contributing their due share to the educational advancement of the State? Why do you link grant-in-aid to private institutions with Central assistance? The Order says that this amount of

(SRI J. B. MALLARADHYA)

increase will continue so long as the Government of India grant continues. When you increased the scales of pay of the non-gazetted officers, did you depend upon grant from the Government of India? Why do you invoke it only in the case of teachers? I cannot understand it. Please do not introduce an element of discrimination among different sections. In fact, the non-gazetted officials might have made common cause with the teachers. A day may come when I may set up these people myself out of a sense of frustration. I am not convinced of the *bona fides* of Government in a matter like this.

The next point I want to touch upon is that there is a recent order of the Government reducing the age of retirement. The previous administration had fixed it at 58 years and why that has been changed by a recent order to 55 is not clear. I raise a point that under the States Reorganisation Act a thing like that cannot be done by the present Government. It is incorporated in the M.S.R. and the previous administration, after great deliberations, had fixed it at 58 instead of at 55, having regard to the efficiency of the teacher, his training, equipment, integrity and good record. Now, this Order has been changed and the age of retirement has been reduced to 55. In some cases, they have continued the people by giving extensions and in some cases, people were not given extension at all. One of the reasons advanced in the Government Order is that trained personnel are now becoming available. I will give the House the facts in this matter. The fact is that in the Department today there are 65,764 teachers out of whom only 32,347 teachers are trained teachers. One of the reasons why the previous Government fixed the age of retirement at 58 was that till such time as trained teachers became available, this arrangement should continue. But in the Government Order which has now been issued reducing the age of retirement to 55, they give the excuse that trained teachers are becoming available. The

Government Order has some sanctity and when the Government makes certain statements, it must be based on solid facts. Here is a Government Order which has no bearing on actual facts. There are hardly 59 training institutions which train on an average 1,500 teachers every year. At this rate for the next 12 years the demand for trained teachers cannot be satisfactorily met. I shall leave it at that and shall speak more about it when the non-official resolution on this subject comes up before the House.

Sri M. C. NARASIMHAN.—If the previous order were in force, we would not have had the pleasure of having the Hon'ble Member amidst us.

Sri J. B. MALLARADHYA.—That order was very clear and it did not apply to the people in the higher ranks. It was meant to benefit the small school teacher and teachers at various levels. It was with that purpose that that order was visualised and there is no continuity of policy. If this Government goes some time later, the successor Government may perhaps reduce the age of retirement to 50 on the ground that trained teachers have become available. I do not know what will happen in that case. This is a matter which should receive the attention of Government on a priority basis and orders should be passed both in regard to the age of retirement and in regard to the question of making it obligatory on the part of private management to see that increased pay scales are given to the teachers serving under them. I should like to take the responsibility in this behalf. If one institution resists such a Government Order, the Federation of Teachers consisting of 65,000 teachers will take the responsibility of supporting them. Here, the question of employer-employee relationship has cropped up, and it looks as if the Government is siding with the employers and not treating the teachers under the private management in the manner in which the Government wants an employer to treat his employees. This is a situation which is not complimentary to the Government.

Sri T. MARIAPPA.—We would be very happy if the Hon'ble Member were to persuade the private institution to adopt the Government scales of pay.

Sri J. B. MALLARADHYA.—Though the Hon'ble Minister for Education is not present here, I am glad the Hon'ble Finance Minister is present here.

In regard to certain allotments made in the budget, you will see that there is a kind of fascination on the part of Government for the N.C.C. and the A.C.C. which is comparatively a recent movement. As against that, Sir, please visualise the picture of the Scout and the Guide Movement in the State. Now, Sir, we are an enlarged State with 14 more scout districts added. The grant remains at the same level of Rs. 50,000. It works out at the rate of Re. 1 per head on an average. This is the encouragement that is provided by our Government to a youth organisation like the Scout and Guide Movement.

***Sri T. MARIAPPA.**—There is a separate provision under youth welfare.

Sri J. B. MALLARADHYA.—I invite the attention of my Hon'ble friend the Finance Minister to page 116. I am not at all jealous of the National Cadet Corps and the A.C.C. They are also youth organisations and they deserve encouragement. But Government should also realise the necessity of extending assistance in an adequate measure to a movement like the scout organisation. After all, the training ground for several of these young men who later shine in the N.C.C. will be the scout organisations. If the N.C.C. people have done well, they were all people who were primarily scouts. In spite of that, we get the same old grant. We sent up a scheme to Government for Rs. 3 lakhs and we got a grant of Rs. 50,000. The Government of India and the Planning Commission have recognised the need for such organisations and they consider Scouting and Guiding as an integral part of a sound system of education. If this is the way in which we get step-motherly treatment, it would indeed be very

difficult to keep these youth organisations going efficiently and to attract the best of talent into the organisation. I would very much request the Hon'ble Minister to find the necessary funds. The ACC have been in the field only for the past five years. Perhaps the Hon'ble Minister would be interested to know that the youth organisations are treated better by Delhi and the Government of India are pleased to sanction a sum of Rs. one crore to the scouting and guide movement—of course for all India. But it is not going to be given to the States. They are going to administer these funds from the headquarters. Against this background, I want Government to kindly recognise the importance of Scouting and Guiding as a youth organisation worthy of the fullest measure of support and allot increased funds for Scouting and Guiding. The Mysore State Headquarters has outstanding achievements to its credit and is in the forefront in the All-India picture.

Sir, if you will please scan the pages of Budget, there is not a pie allotted to sports. I am astonished why there is no sport talent among the Ministers. I am surprised. I have sometimes seen that some of the Hon'ble Ministers come to the various sports fixtures. But in the name of sports there is not a pie given. Government have constituted a Sports Council. It is a defunct body. It is not working. I am surprised that even with the constitution of a Sports Council, nothing has been done. The defect is in the constitution of the Sports Council and the selection of wrong men. So far as the sports fees are concerned, there is nearly a sum of Rs. 10 to 15 lakhs lying idle in the various institutions, which has accumulated. Many institutions have asked for permission to spend the money and I know the Government is unwilling to permit them. I want to take this opportunity to tell them that if the money is spent for any other purpose, Government would be guilty of misappropriation of funds. This is a fund created for a specific purpose. It was collected from boys and girls for the specific purpose of encouragement of sports and if you intend to

* Indicates that the remarks or speeches have not been revised by the member concerned.

(SRI J. B. MALLARADHYA)

use it for a different purpose, it would necessarily amount to misappropriation of funds. I should at the same time like the Hon'ble Minister to find some money for the development of sports in this Budget. The reason is this. Take for example—the basket ball which is becoming a popular game. In China it is the most popular game. We in Mysore were successively for five years, national champions in Basket Ball, and we had to go once to some northern Indian Place, Patiala perhaps, and we had to spend Rs. 3,500. I tried valiantly to get a grant in that behalf and after six months, a sum of Rs. 1,000 was sanctioned.

SRI T. MARIAPPA.—In what year?

SRI J. B. MALLARADHYA.—Last year.

Then, Sir, I have to refer to the Ranji Trophy in Cricket. Cricket has now become a great national game. It is no longer considered as a foreign game. In fact every State Government including the Government of India are sponsoring this cricket coaching schemes and various other schemes for the encouragement of cricket. Every other State has given Rs. 5,000 for conducting Ranji Trophy which is on basis of the county championships in London, Sheffield Trophy in Australia; and for this national game, there is not a pie given by this Government. I may just quote two or three instances to show what a dearth of sports instinct there is in Government. Why is it that you do not encourage sport? I think this country would be all the better if you encourage young men and women take to these recreational activities. You will be laying proper foundations for a true democracy if you do that. I would very earnestly suggest that the Hon'ble Minister may be pleased to make some provision when the final figures are placed before us.

SRI M. C. NARASIMHAN.—Encouragement to Races?

SRI J. B. MALLARADHYA.—I have a lot to say about lapses in departmental grants. It was perhaps usual for the lapses of various departments

to be placed before the legislature ever before Budget discussion took place so as to bring to the notice of the legislature the performance of various Departments. It seems to me, Sir, that lapses in any Department are only a concrete evidence of the inefficiency of planning, lack of organisation and defective budgetting more than anything else. I want to know why you have not placed a list of surrenders from the Departments. In this connection I should like to invite the attention of the Hon'ble Finance Minister to page 3 of the Finance Accounts for 1956-57 which gives a complete list of surrenders.

SRI T. MARIAPPA.—I answered it on the first day when Sri Puttawamy raised the question. The Public Accounts Committee will certainly go through it.

SRI J. B. MALLARADHYA.—Now we have got accounts—please turn to page 3. Sir, this is a very harrowing tale of the administration of the various departments. In the Department of Industrial Development, there is a saving of 60.8 lakhs out of the amount provided in the Budget. Education Department has surrendered something like 17.7 lakhs. Sericulture, it is a matter in which I feel very frustrated, has surrendered 69.1 lakhs. It is a cottage industry and it concerns the welfare of 2 lakhs of families and it gives the Government $4\frac{1}{2}$ crores worth of foreign exchange. Why I am saying this is, if this is the way in which the departments are managed, how can it confer great benefits and reliefs expected by the people at large? I understand that confidential circulars are issued that they must only spend 50 per cent of the budget figure. I am not prepared to accept it. People talk about these things. But these surrenders and lapses lead one to the inference that there seems to have been a confidential circular like that.

SRI T. MARIAPPA.—The Hon'ble Member must be fair to us. I have indicated in my speech already that in the first and the second year of the plan, we have not spent anything. Our performance is very poor. That

is the reason why I have said that our machinery should be geared up.

Sri J. B. MALLARADHYA.—I am coming to the Plan also, Sir.

You must see that whatever funds are provided for are properly and usefully spent. There is what is known as the Sangeeth Natak Academy for which you give a grant of Rs. 50,000. I want to know whether there is anything of art or culture which interests Government. Is there anything exactly for which they have a fancy. Is it fine arts? Is it sports or is it industry? One is left with an impression that the most desirable objects never attract the attention of the Ministry. It is unfortunate. Various other Governments have already made a lot of progress in the implementation of the schemes for the development of fine arts. Mysore State from time immemorial has earned for itself a unique place and a distinguished place for the development of fine arts. In a democracy we expect the popular Governments to preserve if not enhance this great cultural heritage and the development of fine arts. In view of this, I should like the Hon'ble Minister to see that a little more provision is made in matters of this kind.

I shall now come to loans and advances. On page 90, the Budget provides for a sum of 65 lakhs for loans to municipalities and 23.14 lakhs to district boards. According to the figures before you, roughly 13 crores have been given so far. I am asking why you do not even give a D.C.B. in regard to the loans to Municipalities, loans to cultivators and loans to co-operative societies. You may say that the financial memorandum looks big. It also looks dignified. We are not in a position to know how far the municipalities have profited by these loans. We do not know whether they are at least able to pay the interest towards the loan. According to the Public Accounts Committee, in a majority of the cases even interest has not been paid. I should like to know from the Hon'ble Minister for Finance and from the Hon'ble Minister for

Local Self-Government in how many cases they have enforced recovery proceedings. What is it you have done? It is money borrowed from the Government of India and we are responsible. You have given 13 crores.

ಶ್ರೀ ಯು. ಎಂ. ಮಾದಪ್ಪ (ಚಾಮರಾಜನಗರ).—ಮಂಜೂರಾಗಿರುವುದು ಎಷ್ಟೋ ಅಷ್ಟೋ ಏನಹ ಲದನ್ನು ಕೊಟ್ಟಿಲ್ಲ.

Sri J. B. MALLARADHYA.—I am pointing out figures from the Budget Memorandum, which shows that 13 crores have been paid to municipalities and district boards. I am not talking in the air. I am talking with reference to facts. Some time ago there was a principle adumbrated which must be within the knowledge of the Minister. Whatever disbursements are made, these should be more or less approximate to the amount we recover from the municipalities. Instead, during the current year, the recoveries have been 1.19 crores, whereas the disbursements are to the tune of 7.03 crores. At this rate how long can you go on, whether you can continue this policy of patronising and showing . . .

Sri T. MARIAPPA.—So long as loans are available, we will do so.

Sri J. B. MALLARADHYA.—So long as you continue to do so, the prestige of the Government will be destroyed. I am one of those persons who is trying to think in terms of limiting borrowings. That is one thing which has not received the attention of this House, not merely for the amount that the Government of Mysore could borrow. You may say that you get permission to borrow and float loans. We must also set the upper limit to borrowings. Otherwise, we would never justify our existence on the floor of this House. The Indian Constitution provides for the State Legislature setting a limit on borrowings by the State Government.

I shall come to industries and supplies. Sir, we have now received only financial accounts for the six or seven months, i.e., up to October 1956. It was because of integration. On page 291 you have provided for industrial estates. It is unnecessary for me to

(SRI J. B. MALLARADHYA)

go into the necessity for giving effect to the Plan. You may expect to start the industrial estates in selected cantres. We have already come to the end of two years in the Plan. Even in the selection of sites, there seems to be a lot of difficulty. If you do not overcome these difficulties immediately, I am afraid that in these five years you will not be able to start even one industrial estate. Kindly look at the border State of Madras. At a place called Avadi they have spent eighty lakhs over the Guindy Industrial Estate which is the pride of Madras.

SRI T. MARIAPPA.—65 lakhs have been spent and Panditji opened it.

SRI J. B. MALLARADHYA.—Most of the Ministers who have seen it say that it is the nicest piece of work done. So far as the development of small scale industries is concerned, you will not be able to help them unless you establish industrial estates.

Take the question of establishing the Industrial Finance Corporation. You expected to start an Industrial Finance Corporation with a capital of two crores of rupees. You expected to recover through institutional subscriptions from banks presumably to the tune of one crore. You have been talking about it almost from the beginning of the First-Five Year Plan.

SRI T. MARIAPPA.—We are at it and we will very soon start the Industrial Finance Corporation.

SRI J. B. MALLARADHYA.—What, with 16 lakhs as the nucleus? That will hardly touch the fringe. You know how many industries are there. I read from the papers that you are now starting a National Paper Mills and that the Government have promised to give 35 lakhs for manufacturing paper out of bagasse, that is, waste from sugar cane. It is a complicated process of manufacture and I do not wish to say anything because the manufacture of paper from bagasse is in a stage of experiment. Throughout the world, not one particular process has been standardized. Apart from other circumstances, you expect to give 35 lakhs to one particular industry, to the

Paper Mill under the State Aid to Industries Act. Why do you do that and make small industries suffer? You should have got the money from the Industrial Finance Corporation or from the Corporation at Bombay. If the State is going to give this loan I am afraid it would not be proper. I am not opposed to giving aid to the starting of a National Paper Mill in Mysore State. Please do not deprive the small industries which want a capital of only 15, 20 or 50 thousand rupees. To give a block capital of 35 lakhs to one industry is rather unfair to the other small industrialists. Your decision lacks a sense of proportion. It is an evidence of loose thinking and yielding to persuasions.

In regard to Sericulture, I see from the Budget papers that you only show the expenditure charged to Sericultural Development Fund and not the magnitude of the Fund itself. If I remember correct, a sum of more than 40 lakhs was built up by the bureaucratic government for the development of sericulture. It is more than 13 years since that fund was formed. You are now looking up to the Government of India for grants. What has happened to that money? Why is it that that money is not being utilised properly? Possibly, it is shown under page 101 under unfunded debt. But what exactly is the amount at the credit of the Sericultural Development Fund?

I should like the Minister's attention to be drawn to the fact that under the old Economic Conference as it were, we had a separate Board for Sericulture. I do not know why and under what circumstances that Sericulture Board was scrapped. In fact, it did very useful work under the guidance of my esteemed friend the retired Director of Industries and Commerce Mr. Navaratna Rama Rao and as Commissioner for Development and Planning, I had the pleasant task of coordinating, harmonising the works of the various Boards. If there is slow progress in sericulture in the State for the last ten years, it is to be put down to the fact that there is no coordinating agency. It must be treated as an independent industry by itself. The way in which filatures are

progressing in Mysore does not bring credit to Mysore. When private filatures are doing well, that Government filatures should show losses and continually bad performance is what I cannot understand. In regard to Sericulture under the Plan you have provided a lot of money for various things. It is Rs. 13½ lakhs. The same performance repeats itself year after year. You provide money and you don't spend it. That is the reason why there has been a surrender of Rs. 16.21 lakhs. The Minister should see to it that sericulture which is one of the major small industries gets its due share of attention from all concerned and it should be possible to set up a Board of Sericulture with people interested in it, with people representing various interests—reelers, growers of mulberry, silk merchants and those interested in the sale. You will be doing a great service. The difficulties which sericultural industry is facing at present have to be overcome. You have not stabilised the price of silk. In fact, we have a long history of silk development for more than one hundred years. There is planned development of sericulture for 20 years. But the results are grossly inadequate. At one stage you gave Rs. 10 lakhs as loan to the raw silk marketing society in Bangalore in 1956. You have taken two years to form that society. You appointed a Secretary. He has been going from pillar to post and it has not been functioning. He has collected hardly some thousands of rupees by way of share capital. The point about it is, the man who reels silk and brings it to Bangalore is entirely in the hands of koti merchants. They determine the price. He has got to wait for ten days and after that time he has got to go back with a small amount of advance and he has got to take the price which the koti merchant gives to him after 15 days or one month. The Sericulture Society which is designed to stabilise the price and get the silk from the people and advance money and give them the best price has not taken any steps in regard to this important matter and how can you ever say that you are interested in sericulture?

In regard to the working of the industrial concerns in our State, if your debt position has got to be improved, if repayment of loans with interest has to be guaranteed, you must guarantee the working of the major industrial concerns with profit. The Iron and Steel Works at Bhadravati is working at some profit. It is a concern in which the whole of the country is interested. I do not wish to make a comment, having served that concern with great devotion. We should not be too complacent about it. The retention price and the selling price money that we are getting from the Government of India would no longer be available to us. You are supplying electricity, fuel and manganese at concession rates. If you only supplied these at market price just as in the case of sandal-wood oil factory, how can the Iron Works show profit at all? At the most you would be realising Rs. 16 lakhs by way of profit. I can prove on facts and figures that it could not be more than Rs. 28 to 30 lakhs. I have got figures. You should not also forge that you are exempted from payment of Income tax. One important matter is, please consider deeply whether it is to our interest to convert this into a State Corporation, because the contribution to the general revenues of the State will be very much reduced and then the indirect benefits accruing to it will be very much reduced and the ways and means resources of the State would be seriously affected.

Sri T. MARIAPPA.—Income-tax.

Sri J. B. MALLARADHYA.—Rs. 25 lakhs would be the income tax that you had to pay, but out of the divisible pool you may get Rs. 10-12 lakhs. In any case this is a matter which is to be seriously considered. So you should not yield as in the case of the Electricity Board.

In regard to the rural industries and the Rural Industrialisation Scheme of Sir Visvesvaraya I do not wish to say anything more because the Minister's attention must have been drawn to my speech on the motion of thanks on the Governor's Address. I am surprised to see that a provision of Rs. 10 lakhs is

(SRI J. B. MALLARADHYA)

made for extending it to the integrated areas of the State. I am prepared to take the challenge that the scheme is not working satisfactorily. There is a lot of leakage and waste of public funds under the name of a big man who has rendered yeoman service. We are giving a fillip to the scheme which in effect is not working satisfactorily. The point about it is, if it is a scheme which is good, which has resulted in doing a lot of good to the villager, I would be one with you; let us spend Rs. 100 lakhs; it does not matter, but it is within my personal knowledge that scheme is a dismal failure. Please don't extend it. I would like to go into details but since the Speaker is not giving sufficient time I will stop at that. But they say that the *per capita* income has gone up by Rs. 5 per head. It is very fantastic on the face of it. There is no assessment or appraisal of the results. I would suggest a committee to do this work. You remember that in Madras a Committee was formed under a retired Director, an I.A.S. Officer who has got to review the work and who will be in charge of the entire small industries. Unless you review the work done please do not extend it.

We have got a very ambitious Second Five-Year Plan of Rs. 145 crores. The Minister for Finance admitted that the performance for the first two years has not been up to the mark. The point is, this tendency of rushing expenditure at the tail end of the plan period is one of those characteristic things to which we are accustomed. The plea of reorganisation difficulties is put up in defence. It is only a good excuse for bad performance. You don't get the physical targets at all. Big books are prepared and a lot of money has been spent, but nothing useful is done. If you say that as a result of planning, our national income has gone up, you must select 50 villages in any district of your choice and you must find out by a scientific investigation whether the impact of increase in national income has been felt by those villages. Unless you enthuse the people just as Pandit Nehru always says that you must

instil infectious enthusiasm in the minds of people, there is no success possible. What is the enthusiasm you have infused in the minds of the Mysoreans? You must have a district officer for doing propaganda work. He must be a man who has got a flair for propaganda, who has got the capacity to interpret facts and figures; he must be actuated by a sense of patriotism for the State. Such officers should be made responsible for publicity and for the success of the plan. Unless you do that, I am afraid the plan would be a failure. It is time that you took note of your inadequate arrangements for plan publicity. In regard to statistics, I was distressed to find that this Book called "Statistical Outline of Mysore" which has the official stamp of the Statistical Department of Mysore has been put into the hands of the public. These copies should in my opinion be actually put into the oven, the fire place. They must be burnt. The man who is preparing this book does not even know how to copy the figures from various authorised publications. I was responsible for writing the 1951 Census Report for Mysore. He has extracted figures from the Census Report; he has not even had the courtesy or the patience to check up the figures from the Census Report.

Sri H. K. VEERANNA GOWDH.—There is a revised edition.

Sri J. B. MALLARADHYA.—I know. Please see page 2 of the Monthly Bulletin of Statistics. It is stated that in the year 1955-56 there was an increase of 48.6 per cent in food production. A statement like that appearing in a Government publication—I am afraid there is something wrong about it. It is very unfortunate that Government should lend its name to it. It is necessary that an investigation should be made and that the Department of Statistics is made to consist of people who have got the capacity to compile accurate figures, to read figures, to understand them, and to interpret them. Otherwise, the State Statistics Department would prove the common saying "Lies, white lies and Statistics."

I now come to the last portion of my talk. So far you may be left with the impression that I have been critical and far too critical of the Government of Mysore. My object in doing so was not merely to find fault but to make a constructive contribution to the Budget discussion. In the new State we have acquired a lot of mineral wealth, forest wealth and also fisheries. The future of this State lies in pursuing the policy of industrialisation which must be a combination of major industries, small scale industries, medium industries, rural and cottage industries. It must be an integrated picture of development. For this we have a coast line of 200 miles. Unless we convert Mangalore into an all-weather port and either Malpe or Karwar into a major port and link it up with the hinterland, we have no hope. Believe me unless we develop fisheries, unless we develop cashewnut cultivation—I think the Hon'ble Minister for Labour is enthusiastic about fisheries, I do not know whether he is interested in cashewnut cultivation. . .

Sri B. VAIKUNTA BALIGA (Minister for Labour and Legal Affairs).—Cashewnut cultivation also.

Sri J. B. MALLARADHYA.—To fulfil the development of these industries, we must mobilise all our resources. One thing I must say on this occasion. During this period of ten years, after the attainment of independence, you have not started one single major industry in the State. From what I read in the newspapers, raw film industry is going out of our hands, heavy electrical industry has gone away to Bhopal. There is scope for the development of light electricals and of pharmaceuticals. I met the Chief Minister and insisted on his writing a letter to the Industries Minister at Delhi to see whether it is not possible to get back the raw film industry to Mysore. Unless we develop some major industries of this type, there is no hope for the State. Let not regional or sectional interests or parochial interests come in the way of the development of industries. We must see where the money is to be got from. I have got one request to make on behalf of the entire Opposi-

tion and on behalf of the House and that is, you must persuade the Government of India to take up the development of these ports as centrally sponsored schemes. Similarly when in future the development of major irrigation projects is taken up, the Centre should take it up. Otherwise there is no possibility of our finding the required resources. There is another matter of major importance. I am sure the Finance Minister would say that we have acquired a lot of debt as a result of the integration of Karnatak areas. But we cannot forget that we acquired assets which are not likely to yield for the next ten years. The Government of India may be requested to bear at least 50 per cent of the debt assigned to this Government as a result of reorganisation of States. Is this not possible? We must take concrete steps in this direction.

Sri T. MARIAPPA.—I have said so in a very pleasing manner.

Sri J. B. MALLARADHYA.—What I am saying might be unpalatable. But I mean it in the same pleasant manner.

The next point is—it is unfortunate that the Santhanam Commission's recommendations in regard to rationalisation of loans and the rates of interest have not been accepted by the Government of India. We on this section of the House would be one with you if it means pleading on your behalf and on behalf of the entire State. You may take it for granted that we will be with you. What would be the dead weight of these debts in 1961-62? It would be in the order of 200 lakhs. I shudder to think of it. You take credit for raising loans in the open market; you look very pleasing and you have the psychological satisfaction of having presented a surplus Budget. In my heart of hearts I tremble to think what it would be at the end of the plan period. These are matters which have to be looked at from a dispassionate point of view. You should not consider the criticism as having been made for the sake of criticism.

Finally, I should like to say this: Government of India should be

(SRI J. B. MALLARADHYA)

persuaded to think that this is not a question of merely debtor and creditor relationship and this kind of thinking must cease. They must consider Mysore as one of the premier and progressive States which is keen on implementing the Five-Year Plan of development. They should treat it as a joint partnership in the national adventure. Unless that feeling comes into the mind of the Government of India, we cannot go on.

It is with very great feelings of regret that I will have to refer to the split in the opposite camp. I cannot resist giving expression to it. I should like to say that there should be unity in the opposite camp in the interest of the stability of the Government of the State. It does not matter who is the Leader of the House. I consider that the Leader of the House is a leader to everybody. We want that the fair name of Mysore should be maintained and that it should be even brighter in the All-India picture. Whatever may be the internal troubles please see that there is unity in your ranks.

Sri C. M. ARUMUGHAM (Kolar Gold Fields).—We will take up the Government.

Sri J. B. MALLARADHYA.—If it comes to the taking of Government we are always ready.

What I say is this: there are many problems like the pay scales of N.G.O.s, Inter-State equation of posts, industrial development, etc. With regard to Inter-State seniority and equation of posts in the Police Department, I was surprised to find that a man who entered service in 1950 had been given the year of allocation as 1949. For a small area of two districts of Hyderabad you have been given seven senior Police Officers.

There are various matters and I wish to take them up at the time of discussion on the demand under General Administration. There are many problems arising as a result of integration which need careful handling. When the demand for supplementary grants was under discussion there was hardly one

Minister in the House. Is there anything more important to the Ministers than being present on the floor of the House and to watch and take note of the discussions? I know they are very much concerned about their own existence, about their continuing. It should not happen. In the interest of the development of the country, in the interest of the fair name of Mysore, I wish you to resolve your differences among yourselves. Let the Ministry continue or let somebody continue, it does not matter; but I do not want this uncertainty to continue. It is absolutely against the interests of the State. I venture to express the hope that what has been in the nature of a storm in the tea cup will end and normal conditions will prevail. It would be a credit to the Ministry and the members of the party if they will resolve their differences in an atmosphere of friendliness to the lasting good of the country.

Sri C. M. ARUMUGHAM.—May I know in what you are interested?

Sri J. B. MALLARADHYA.—As a citizen of the State I am only interested in the stability of the country. I am not interested in any individual. I want that the fair name of Mysore should be kept up at a high level. The bickerings in Congress rank are already a public property. In the State of Mysore which used to be called from all points of view a "model State" every six months, every year, there is a no-confidence move against the Leader and then signature campaign—all this has a direct or indirect effect on the administration. It is in that context I am interested. I am not interested in any one individual. In this atmosphere, how do you expect the Ministers to devote attention to matters of details of administration? It is sickening to see the feverish and hectic activity of legislators and more particularly of the Ministers outside the Assembly, when their presence inside as a matter of duty is required.

I should like to close with a fervent appeal to the Treasury Benches to see that the financial integrity is

maintained. This increasing debt and the snowballing of interest charges from year to year will affect the integrity and stability of the State. We must make an all out effort to industrialise the State, to explore all possible avenues of augmenting our resources, economising expenditure and to secure efficiency of administration. The Ministry should work as a team with a determination and singleness of purpose for the good of the State. Internal quarrels will be to the detriment of the State.

Now, that would not ease the situation. You should give full time attention to development schemes of a beneficial nature. Do not be led away by schemes which are likely to give us spectacular statistical results. Select only such schemes which will benefit the people.

With these few words, I wish to conclude and venture to express the hope that the suggestions made by me in the course of these two and a half hours would receive adequate consideration at the hands of the Government in general and the Finance Minister in particular. The prospects for the future are gloomy so far as finances are concerned but with persistent efforts to industrialise and with the administrative machinery properly geared up to undertake tasks of an exacting nature in a business-like manner there is no reason why the outlook may not change for the better. With faith and courage and a spirit of dedication and service, Mysore may yet regain its lost place as one of the foremost and progressive states in the Democratic Republic of India. I am very grateful to the Chair for showing me this indulgence and I hope I have not bored the House.

Sri M. C. NARASIMHAN.—Sir, my learned friend, Sri Mallaradhya, has made detailed criticism of the budget estimates. So, I do not wish to tread on the same ground, but I shall offer detailed criticism when I get an opportunity to speak on individual grants. Now, I would like to make a few observations in general in respect of the policies involved in

this budget. Of course, while speaking on policy, it becomes necessary to say a few words in general about the general conditions here and elsewhere. Those of us who looked forward for any relief at least during the current year in view of the fact we are getting more liberal grants from the Government of India as a result of the recommendations of the Finance Commission both from the share of income-tax and Estate Duty will be disappointed. Last year, it was a question of deficit budget. At least this year there should be some sort of relief, but unfortunately judging from the budget, though it is theoretically a surplus budget, so far as the ordinary people are concerned, it does not become really surplus in the sense that it does not add to their income. The funniest thing is that the Government readily recognises that there is a need for revision of thinking in respect of various allocations, in respect of budgeting and in respect of economic policies. If I am making a few criticisms it is with the intention of convincing or at least trying to convince the Government that there is a need for re-thinking on various questions, on the re-allocation of funds for the various items that constitute the budget. It is claimed by the Government of India and by our Government that as a result of the Plan, as a result of the expenditure incurred by us and as a result of our budgeting, the living standards of the people have gone up and that the national income has gone up by 18 per cent and all that. It is true that the national income has gone up by 18 per cent. National income being an average of an average, it does not mean anything more than this, viz., that more money being injected into the economic system. It does not mean that the living standards have gone up. So far as cost of living index is concerned, it is going sky high, the earnings not keeping pace with cost of living index number. *The Eastern Economist*, one of the economic weeklies gave certain figures which are very interesting and which show how the lower middle class people and the middle class people are suffering under the impact of rising prices and deficit financing. If a man's

(SRI M. C. NARASIMHAN)

income now is Rs. 400 per month, in terms of pre-war prices his income would amount to only Rs. 93.5. Similarly, if a man's income is Rs. 1,000 per month now, in terms of pre-war prices his income would only be Rs. 225. In the last two years, in the case of lower income groups if there has been thus a fall in real earnings to the extent of 18.6 to 18.7 per cent, lower down the situation should be thoroughly bad. I shall give certain other figures which will illustrate the position still further. It is a customary claim that so far as the agricultural labourer or the peasant or the worker is concerned, his living standard has gone up. I shall take one instance. Take vegetable for instance. The price has gone sky high, but at the same time the earning of an agricultural labourer or a peasant or a worker has not gone up. The monthly bulletin of statistics has given the following figures which are interesting. The price of potato in May 1957 was Rs. 10 to 11 per bag while in September 1957 it was Rs. 13.75 nP. At the same time, the daily wages of an agricultural labour in January 1957 was Rs. 1.32 nP. while in September 1957 it was Rs. 1.36 nP. I am giving these figures to show that even though the national income has gone up, unfortunately the living standard of the ordinary people has definitely not gone up. We need not go far to seek the reason for this state of affairs. This is a result of the policy of deficit financing pursued by the Government. The prices are going up sky high as a result of which the ordinary man's income will certainly be depressed. Unfortunately, this point has not been taken note of. Take the question of food policy. Repeatedly a claim has been made on the eve of integration by those who were enthusiastic about the formation of Karnatak that the food problem will be solved very effectively. Recently, the Revenue Minister was also making a claim that the prices of foodgrains, especially of rice, have gone down. I do not know where he got those figures from. I have got the actual figures with me

which go to give a different tale altogether. In making comparisons corresponding months should be taken into consideration. I shall give one or two figures. For example, in January 1956 in Bangalore the price of a patta of rice consisting of 127 seers was Rs. 57.1 while it rose to Rs. 64.11 in January 1957 and to Rs. 70.68 in the same month in 1958. The same trend prevails whether it is Mysore or Gulbarga or any of the major towns. The same is the case with regard to prices of other foodgrains such as jowar, etc. The price of rice which is one of the staple commodities is going higher and higher. In June 1957 we warned the Government of this state of affairs and said definitely that the Government must build up stocks. Then, they came out with a plea that so far as the food policy is concerned, it is very sound and that it will ensure rice at a stable or at any rate at a cheap price. Last time we also warned that so far as advances made by scheduled banks to various foodgrain operators are concerned, there is virtually no control as a result of which there is speculation in foodgrains and food trade. It was also suggested that because of the Essential Commodities Act it was possible for the Government to control the advances by scheduled banks to foodgrain operators. Sometime ago, in April the figures of advances against foodgrains have been given by the Deputy Minister for Finance at the Centre, Sri Bhagat. According to the figures submitted in the Parliament, so far as Mysore is concerned, on 31st August 1956 the advances made by scheduled banks were of the order of Rs. 15 lakhs and on 31st August 1957 they rose to Rs. 20 lakhs. Similar is the position in Kerala also. So, it will be seen that because of the speculative activities indulged in by unscrupulous foodgrain operators, we have a situation of high prices.

This was known to the Government. I cannot understand how the Government can persist and continue such a diabolical, such a dangerous policy in the matter of giving advances. Secondly, so far as production is concerned, the position is not very happy. Last year,

at the time of the Governor's Address, I made one point particularly in respect of deficit areas. It is absolutely necessary that these deficit areas should be put on a separate footing and adequate measures should be taken in order to increase the food production in these areas and in order to investigate into the special problems that contribute to this sort of deficit every year. Figures are revealing indeed. In Kolar District, if you take the figures for five years, in 1951, the total irrigated area was of the order of 1,61,991 acres, but in 1955-56, it came down to 91,84 acres; that is, the reduction in the irrigated area is of the order of 10,000 acres. Again, coming to the area under irrigation by means of tanks, in 1950-51 it was 82,937 acres in Kolar District. If you take Tumkur, in the years 1954-55 and 1955-56, there is a definite decrease in the total area under irrigation. If you make a study of the position of all the districts where there is this kind of deficit, you definitely find that there is a decrease in the area under irrigation. There is a marked decrease in the area under paddy cultivation. In spite of so much of money being spent on these irrigation projects, minor and major, we are still in a situation where there is a decline in the irrigated area and fall in food production and increase in food price. It is absolutely necessary, while framing the budget, to concentrate our attention on this point and see that the loss caused due to shortage in production is made up. The Finance Commission have also referred to this aspect, but I would like to know what Government have done in this connection. My only charge in this connection is that so far as the ordinary people are concerned, the Government have let down the people in not taking energetic measures either for increase of production or for reducing the deficit to which I have already referred, or for controlling prices so as to ensure to the ordinary citizen food-stuffs at a reasonable price.

The second point so far as the budget is concerned is the industrial policy. I quite understand that my Hon'ble friend Sri J. B. Mallaradhya has already

said what his idea is so far as this is concerned. I want to ask the question whether this Budget has a bias for industrialisation, or for agriculture. Sir, a Budget which ought to disclose the real economic position of our State, should have proposed certain measures. From that point of view, it is dismal that the Budget does not take into account the real situation so far as our State is concerned. Sir, in this connection, I might refer to a news item about U. P. U. P. is a very big State. But some time ago, since there was a lot of criticism on the floor of the U. P. Assembly, Government appointed a non-official committee under the chairmanship of Sri Birla. He submitted a report and said that so far as U. P. was concerned, it was backward industrially and so certain measures were suggested to the U. P. Government. If we compare our figures in relation to Mysore, our position is not better than U. P. We are industrially as backward as U. P. Possibly U. P. may be in a better position so far as raw material is concerned. The population engaged in production, transport and commerce in U.P. was given as 14 per cent. In Mysore, the percentage of population engaged in production, transport and communication is put at 16.9, a little higher. But in U. P. if we take the population in miscellaneous services also in addition to the above groups, it forms 26 per cent. of the total population. But still, Sri Birla had considered U.P. very backward industrially. If you take Mysore into consideration, the total population engaged under corresponding heads would come to 28.8 per cent. and it is 43 per cent. in West Bengal and 39 per cent. in case of Bombay State (prior to Reorganisation). Thus we see that Mysore is industrially backward when compared with other States. In this situation, it was absolutely necessary that a greater industrial bias ought to have been given whether in the interest of economy or in the interest of the plan targets in this budget. The financial difficulties referred to by my friend, are difficulties to which reference has been often made by the Finance Ministers and I feel that it should have been possible to

(SRI M. C. NARASIMHAN)

meet the situation if we had placed on industrialisation greater emphasis than all other projects—the scheme of rural industrialisation, Ambar Charka, etc. From this point of view, I am afraid that so far as priorities are concerned, Government do not seem to have a definite policy. Priorities have got to be decided taking into account the level of production, the level of economic development and industrial development. If there is a greater industrial development, it is possible for us to ensure the increase of wealth and increase of national income. For example, even so far as Bombay is concerned, the financial position has been stated to be not so bad as in our case, for the simple reason that industrial production will be higher. So far as old Mysore is concerned, we were in a very fortunate position. But that position has been given the go-by. I do not say it is due to the Government's policy. It is due to the State Reorganisation. My point is, taking States Reorganisation into consideration, was it not the necessary duty of the Government to lay emphasis on industry, to lay emphasis on this production, which would give us quicker yield compared to other things which would take a long time to give us returns?

Sir, from that point of view it is really astonishing that Government refused to take the initiative in the matter of a particular industry referred to by Hon'ble friend, namely, the Raw Film Corporation. Last year, Sir, at the time of the Appropriation Bill we did make a suggestion, in regard to this question and the Finance Minister promised that the matter would be taken up with the Government of India. We are now told that the raw film industry is to be set up in the Madras State. While addressing the Indian Photographers Conference in March at New Delhi, Sri. Shah, Minister for Civil Expenditure, Government of India, said that it would be allotted to Madras. What an unfortunate situation! Was it not necessary and was it not the bounden duty of our Government to have looked into this matter, especially when a site was virtually selected in Mysore State and

when that site was stated to command all facilities and ideally suited for that particular industry? I want to know why our Government did not press the claims of Mysore in this respect and allowed the industry to be established in Madras. Likewise, some years ago, we were told that the aluminium industry would be set up in Harihar. At that time, we were engrossed with states re-organisation. We were told at that time that some people in Hubli were interested in the establishment of an aluminium factory and they were moving in the matter and that it would be started in Hubli at least after State's re-organisation. Now, we find that neither the Chief Minister nor any other Minister is interested in this. We do not know whether this will be included at least in the Fifth Five-Year Plan. What has happened to that industry, nobody knows. If it has gone to Mettur, it is really very bad for us.

Sri T. MARIAPPA.—It is not a question of going to Mettur. It is a question of power. Chemical industries require much block power. It is not good to ask for the establishment of an aluminium industry when we cannot give them power. We have tried all possible methods. Before we began to consume power from the Mahatma Gandhi Hydro Electric Works, we wanted the aluminium industry. We worked out details. Sri Navarathna Rama Rao submitted a scheme. Unfortunately, we could not give power. We tried to ask the Government of India to establish the aluminium industry near Dandeli area. These are some of the points which have to be considered at a higher level.

Sri M. C. NARASIMHAN.—Sir, my complaint is even so that far as the Second Five-Year Plan is concerned, the allocation for industries is only 13 to 14 per cent. I submit it is a very low percentage especially in view of the industrial backwardness of the reorganised State.

So far as the financial position is concerned, my friend Sri Mallaradhya has dealt at length with the position of public debt. We have been repeatedly complaining about the very heavy

burden of cost on the State due to the re-organisation and due to various other factors. It is not as if that re-organisation alone has done the mischief. It is also a concomitant of the past policies pursued by the previous Governments. That has also to be taken into consideration. So far as the picture given by the Hon'ble Finance Minister is concerned, it looks a little dismal. Still, I would say that it is not so bad, because there are one or two items which ought to be taken into consideration. So far as the Finance Commission is concerned, they gave us a very liberal grant. Almost all our points have been met by the Finance Commission. We got a share in income-tax revenues in the manner we had asked. So far as the share in the estate duty and other taxes is concerned, we got what we demanded. So far as the grant-in-aid is concerned, we have got that too. It is only in relation to the question of consolidation of the debt and the rationalisation of various loans and interest charges that we have not yet succeeded in persuading the Government of India. But the Second Finance Commission did not take into account certain other factors; while determining our committed expenditure or the general financial circumstances, certain aspects of our general revenues were not taken into account. They have not taken into account the possible enhancement in revenue due to the abolition of zamindari. Due to the abolition of zamindari, land revenue would increase. So far as our State is concerned, if inam abolition had been given effect to a little earlier, there would have been a substantial increase in land revenue. There would have been an increase of as much as 15 per cent in land revenue. If the Finance Commission has not taken this into account, it has helped to appreciate our revenues. For instance, the Finance Commission did not also take into account the increase in revenue to the State that would accrue as a result of the unification of various taxation measures. We have unified the sales tax law in all parts of the State. Still, there are so many other taxes which we

have not yet been unified. We have not yet unified land revenue. These would result in increase in our revenue. Revenues due to allotment of share in tax on railway fare, and estate duty were not at all taken into account by the Finance Commission. If these had been taken into account, our grant-in-aid and our share in all the other central revenues would have been far less. Still, so far as loans are concerned, I do submit and I agree completely with my Hon'ble friend Sri Mallaradhya that it is absolutely necessary that we bring as much pressure as possible on the Government of India to see that there is a reduction in interest charges on the consolidated debt. If this is not done, we should pass a resolution in this House and forward it to the Government of India for their favourable consideration. It is not as if the Government of India have said that they will never consider. Possibly, for this year they said that the ways and means position of the Government was not good and so they would not consider. In the next financial year at least, to strengthen our case, it is absolutely necessary that we should pass such a resolution—we would approve it unanimously—and forward it to the Government of India. There are other reasons why the Government of India should reconsider them stand. There are one or two other items: for example there is the loan granted to the refugees for their rehabilitation. I do not know why we should burden ourselves with all these loans. We can only forward what is collected. Instead, we are made to take direct responsibility in respect of all such loans.

Secondly, there is also another untenable position so far as the loans are concerned. The loans are granted by the Central Government on the basis of some cost. It should be on a no loss and no gain basis; only the cost to the Government of India, and no more, should be charged to the State Government. Why should the Government of India charge more than what is incurred by them in relation to the debt? After all, we are not in the position of debtors and creditors. We are part and parcel of the federal Government.

(SRI M. C. NARASIMHAN)

We are contributing and the Central Government are also contributing to the development. But why should there be a difference between the Centre and the States in respect of debts? The interest charged should not be on the basis of profit or definite advantage to the Government of India.

Thirdly, there is another aspect. It has been suggested before the Finance Commission that the loans should be interest free. This is a proposition which we should seriously press with the Government of India and see that the debt burden is reduced. Otherwise, we would be faced with serious consequences, which were picturised to us by Sri Mallaradhyha and communicated to us by the Finance Minister in his last speech.

Sir, there is also one other aspect which I would like to submit. We have repeatedly pointed out the evil effects of deficit financing. Unfortunately, the Government of India and the State Governments seem to be in the position of bigots. They are not open to conviction. Because it is well recognised on all hands.....

Because the Government of India or the Planning Commission thought it possible to have ceiling on deficit financing, to the tune of 900 crores; as it is we have in these three years nearly 815 crores of deficit financing. Next year a ceiling on deficit financing would be impracticable. If this state of affairs were to continue, it will be tragic and inflationary pressures will go sky-high, and the ordinary people will be put to a great deal of difficulty. In this connection, I must say that deficit financing is one of the means of transferring the burden on the ordinary people. Of course, I know, a certain amount of deficit financing will help us in a developmental economy. But, unfortunately the lower income group like Government servants, factory labourers, etc., will be placed in an extremely difficult position and by and by they will be reduced to the status of paupers. It is absolutely necessary that there must be a certain

amount of re-thinking and something should be done in this regard.

My friend Sri J. B. Mallaradhyha has drawn the attention of this House to the need for improving efficiency in the State-owned Industrial concerns. It has been a repeated song by the Opposition and by everybody. The Finance Commission has not recommended that there should be fresh taxation on this score. On the other hand they have recommended that though the financial position is going to be bad, it should be met by improving the working of the State-owned Industrial concerns, by better utilisation of the irrigation projects, by cutting down non-Plan expenditure, etc. But, till now the State Government has not cut down the non-Plan expenditure appreciably; on the other hand it has increased. So far as the State-owned Industrial concerns are concerned, it is a tragic that we are in a miserable plight. I do not wish to get into details here. We had enough criticisms on the floor of this House during the last one year and the Government has recognised that to some extent the concerns are not functioning all right. For example take the Porcelain Factory. Last time when we raised this issue, the Minister for Industries strongly defended the administration and praised the working of this factory. I wish he had been frank and more honest to this House. Today we find that they have been compelled to appoint a Committee to suggest ways and means of improving the working of this factory. So far as the production of high tension insulators are concerned we were in a monopolistic position. The factory was not at all thinking in terms of competing or finding market for its product. Such difficulties did not arise at all. In spite of this situation, we find that this industry is not able to show sufficient progress. In effect it would mean that the administrative talent in the State has come to a state of bankruptcy but I hope it is not so and there are talented men in the State who can manage the industry efficiently and run it on profitable lines. There is a criticism that all nationalised industries are bad. It is not so. Even in the

private industries there is bad administration. For example the Sindri Fertilizers is one of the institutions which is doing a yeoman service to the country as a nationalised institution. When it is so, why should it not be possible for us to see this that industry also works on profitable lines. Unfortunately it has not been possible because as I stated earlier the Government is bigoted in this matter and is not open to correction or argument. This has to go. If only a little more attention is paid, it would be better. Apart from this the Government should have a proper policy in this direction. They are not making any departure in relation to management of industries. Of course I have a bias in favour of the workers and the Trade Unions. The Government of India have declared that participation of labour in the management is a welcome thing for the progress of the industry and should be tried. How is it that the Government of Mysore which some time ago appointed a Committee and made recommendations that labour also be represented on the management, has not given effect to it? Why is it that the recommendations of this Committee are not implemented and why are they shy to take those employees on the management? I am not saying that everybody should be taken on the management. That will be an impossible thing. How is it that in this respect you are not taking the examples of States like Yugoslavia, about which the Government of India always talks? How is it your own Trade Union, the I.N.T.U.C., which made the recommendations is not being respected to? In this particular field, I know the Government is a little shy. It is absolutely necessary that this policy should be revised and better methods are thought of. I would suggest that a Committee of this House be appointed to go in to the question of suggesting various methods for improving the efficiency of various concerns, adopting modern techniques, etc. So far as productivity is concerned, there are special bodies and committees and there is also the Industrial Research Unit of the Planning Commission which is a

technical body. Why is it that we are not prepared to take advantage of the advice from this organisation? To my dismay I find that the attitude adopted towards the labour who contribute to the production of the concerns by virtue of their experience and not by virtue of their qualifications, is far from satisfactory, and it is virtually hostile. Of course, I do not like now to go into the labour policy at length. In this connection I would only cite an instance. Everybody knows the way in which the H.A.L. situation is being handled. I am not taking a partisan view. If this were to be the policy of the Government towards labour.....

MR. SPEAKER.—How does it concern the State Government? It is the concern of the Central Government.

SRI M. C. NARASIMHAN.—I might state in this connection that labour is in the concurrent list and it is the State Government that is responsible for its problems and the Labour Ministry here.....

SRI J. B. MALLARADHYA.—The House will possibly know that the State is represented on the management.

SRI M. C. NARASIMHAN.—Thank you. I am only giving an instance. In this particular situation because the State Government was also helpless in this matter, they could not avoid the labour trouble. I am not saying that the State Government is entirely responsible for it. They are responsible in part. But, on the other hand, the officers of the Government of India are virtually able to dictate policies to the State Government in this regard. What happened in this case we are all very well aware and what emerged in that whole context, we all know. Well, I did have an opportunity to discuss this matter with the Chief Minister, the Home Minister and the Labour Minister. What appeared to me was that it was an official of the Government of India, the General Manager of the Hindustan Aircraft, that could dictate to the State Government whether or not to pursue a particular policy. I know the Labour Minister was personally anxious that this trouble should not continue and

(SRI M. C. NARASIMHAN)

should be peacefully resolved. Unfortunately, neither the Home Ministry nor any other Ministry was in a position to help the labour.

In fact, we find that the Home Ministry was being dictated to by the General Manager of the Hindustan Aircraft and that is the reason why it came to such a sorry state of affairs. It is good that he is under orders of transfer. Why could not the Ministry take a firm stand in relation to this? I know he was wrongly advised in this matter and it was open to the State Government to take it up with the Central Government and see that a proper settlement is effected. If the Central Government should behave in the most irresponsible manner, how is it possible for the State Government to implement a progressive policy in relation to labour matters. I wish the State Government had taken a lesson from the journalists in the State. A similar situation arose when a General Manager behaved very badly towards our State journalists. The State journalists hit back and the General Manager had to virtually apologise. I know the State Government cannot take a similar position; but unfortunately the State Government did not take up this issue in a very correct way. With such a policy, would it be possible for us to increase production, to secure the co-operation of labourers and employees for seeing that there is no wastage and that there is no corruption in the administration and organisation.

Take another policy in relation to labour. You are all very well aware that so far as the journalists are concerned, the Government of India gave what may be called a fair wage through a wage board. The Supreme Court has reversed that. I cannot quarrel with the Supreme Court, but I have the judgment to say that this interference in this manner was unjust, was not one calculated to promote the principles envisaged in the Constitution such as social justice. But what surprises me is, the State Government does not even care to take

the initiative to call the concerned employees and employers and see that something is done. It is a very serious matter because in several cases in the case of journalists, there is a reduction of nearly 33 per cent in their emoluments. If the salary is to be suddenly reduced from Rs. 400 to 150 you can very well imagine the difficulties. Still nothing is done. Take another aspect of the situation in the State. Here the figures furnished by the statistical bulletin show that due to retrenchment 8880 workers were affected from 1st January 1957 to September 1957. Now so far as Government is concerned, they have done nothing. The other day there was closure of mills in Hubli. Are not the Government bound to do certain things to ensure social justice and to ensure that there is better production. Unemployment of 8880 persons is not a small thing. In spite of it, we find that proper steps have not been taken by the Government.

So far as the administration is concerned, it has been repeatedly stated by the Planning Commission, the Finance Commission, etc., that the administrative machinery has been found wanting in relation to plan targets. We have seen repeatedly that we are not able to realise the targets set down by the Planning Commission and by the Government. Partly it may be due to the delay in making the grant and it is also due to the slow moving bureaucratic machinery that we have. What is it that the State Government propose to do? In the budget there is no mention made of the problem. The Minister for Finance was saying that for the past two years we could not do much. What are the grounds for saying that the machinery will improve overnight? I shall say as a warning that the machinery is not going to improve during the current year or coming year. There are strong reasons in relation to it. One is the system of administration. What the Government proposes to do in relation to the uniformity of the system of administration, nobody knows. There may be some things very good which we may absorb

from the Hyderabad area. There are good ideas of administration so far as the old Mysore area is concerned. These are not co-ordinated. There is absolutely no co-ordination in respect of the various employees coming from different integrated areas. To dispose of a paper, Government take six months, where it should take normally a month. Let us not hide facts; let us not try to say that the situation would improve of its own accord. That is a proposition which I want Government to accept. Unfortunately in regard to this matter, the Government have not placed concrete proposals. Secondly in regard to integration there is so much of discontent among the various sections of Government employees. What does the Government propose to do in relation to it? Is it a real problem or not? From the budget it looks as if it is no problem. I shall say one or two things in this connection. So far as the scales are concerned there is wide disparity. The other day one of the Ministers said that so far as old Mysore employees are concerned, no injustice is done. I am bringing an instance to the notice of the House. I am not suggesting by bringing to notice this particular instance that so far as the employees coming from the integrated areas are concerned, they have no grievance at all. Prior to the integration, an interim allowance was paid to the old Mysore employees. It was called as a special pay. The Government Order no doubt stated that it should be treated as part of any revision that might be effected later on. The latter portion of the Order was not really in accordance with the States Reorganisation Act or in terms of equity. Why I am saying 'equity' is, so far as the integrating areas are concerned, no such rider was added. So far as the integrated areas are concerned, the special allowance given prior to reorganisation was treated as special pay personal to the incumbent. That was done in relation to the integrated areas; why was such an injustice perpetrated in relation to the old Mysore employees, is a thing that passes my comprehension. Actually I am very sceptical and very doubtful of even those figures in relation to the financial

provisions. It is true that so far as the administration is concerned, we are spending a good deal of money, but it is necessary in the interests of efficiency and we should be prepared to spend more money. Actually if you review the position of actuals submitted previously in the reports of the Accountant General, etc., you will find that the actuals were far less than the budget estimates or far less than the revised estimates. So far as old Mysore is concerned, when they presented a deficit budget, you will find from the actuals that there was no deficit budget at all. When that is the position in relation to the actual finances, why is it not possible to see that a certain amount of satisfaction is ensured to our own employees?

If Government being the biggest employer is not able to do so much social justice to its own employees how can it expect efficient service in the name of patriotism, nationalism, etc., to be given by the employees? It is not possible. If revision of scales is possible in the case of I.A.S. and I.P.S. cadre why it is not done in the cadre lower down is a proposition I cannot understand.

One more submission I would like to make and I hope it will not be misunderstood. My friend has drawn attention to the uncertain state of affairs so far as the ruling party is concerned. I am not prepared to look at it purely from the point of view of party or from the point of view of the situation on hand. But this disturbing state of affairs is also a reflection on the general policy pursued on various matters. The Congress Party has been ruling us for the past ten years. It has promised planned progress, planned development and all that. I am one with everybody in saying that there should be planned development and I am even prepared to congratulate the Congress Party on certain aspects of the foreign policy and plan. I am not against the basic idea involved in it. But I would like to ask one question. Has the Congress Party in these ten years succeeded in building that morale which is necessary to translate this plan into reality? Let them point out

(SRI M. C. NARASIMHAN)

if they have built up that morale so needed today. After all excepting in a minor State, viz., Kerala, in all other States the Congress are virtually in a monopoly. They have had every opportunity to develop the country on the best lines which they thought necessary. So far as the plan is concerned, almost all parties the Communist Party, the Praja Socialist Party, etc., have given support—may be in different degrees. They have got a virtual national backing which is not the case in Pakistan. Excepting in matters of internal affairs, in matters of detail, virtually all parties have lent their support.

SRI J. H. SHAMSUDDIN.—But they are not supporting in the implementation of it.

SRI M. C. NARASIMHAN.—You are also criticising the administration that it is not adequate, that it needs pruning and all that. In spite of the support what is it that the Congress party has done? Can they say that they have been able to take advantage of this general support, that they have been able to mobilise the entire country for the plan? On the other hand what do we find? As Sri Mallaradhya said even with regard to Small Savings Scheme there is a definite admission of bankruptcy; it is an admission of total failure to enthuse people in the plan in various ways. That is because we are not able to agree even on one simple matter. I am surprised to know that even in the matter of appointment of a High Court Judge you cannot agree. We have been pleading for the setting up of industrial tribunals in the State. The Labour Minister is agreeable on principle. But, he says, Cabinet is not able to come to a decision as to who should be the judge. What a sordid state of affairs? If the eleven persons are not able to come to a conclusion as to who should be the judge how can the party have the tall claim of ruling?

SRI H. K. VEERANNA GOWDH.—He is making rash allegations against the Minister in charge that the Cabinet did not agree. Without any foundation these allegations are made. It is not proper.

SRI M. C. NARASIMHAN.—If your information is correct I am thankful to you. I withdraw my remark. But that particular information is known to everybody.

SRI H. K. VEERANNA GOWDH.—It is your imagination.

SRI M. C. NARASIMHAN.—I know the fact. I am prepared to challenge it.

SRI H. K. VEERANNA GOWDH.—I also challenge. You are misinformed.

SRI M. C. NARASIMHAN.—So far as the industrial tribunal is concerned, I can definitely challenge it. If you have got information you can prove to the contrary.

SRI G. VENKATAI GOWDA.—On a point of order, Sir. There is no quorum.

(A count was made and it was found that there were only 19 members).

SRI G. VENKATAI GOWDA.—Can discussion go on without quorum?

MR. SPEAKER.—Actually there is no quorum. Therefore it cannot go on. I think it will suit Sri Narasimhan if he continues his remarks tomorrow. How much more time does he want?

SRI M. C. NARASIMHAN.—I am at the end of my remarks.

MR. SPEAKER.—I thought you could finish your speech and then we could rise. But the fact of there being no quorum has been brought to my notice. The House therefore will now rise and meet tomorrow at 1 P.M.

The House adjourned at Eight Minutes past Six of the Clock to meet again at One of the Clock on Wednesday, the 2nd April 1958.
